

CHAPTER 5

THE EMERGENCE OF THE “MARKET- BASED” APPROACH TO URBAN REGENERATION IN JOHANNESBURG

“The inner city revival is a tribute to the past, the celebration of the present and an investment in the future” Sean O’Shea, Johannesburg Inner City Region 8 (now Region F) spokesperson (*Star Newspaper, 23 March, 2006*)

5.1 INTRODUCTION

The promotion of private sector investment has become an integral part of the City of Johannesburg’s urban regeneration strategy. The revival of declining inner city areas can be linked to broader policies that seek to stimulate private sector investment in the inner city as means of achieving urban regeneration expediency. This chapter illustrates the above assertion more clearly. It begins by briefly outlining the historical background to Johannesburg, aligning this with the long tradition of apartheid that was characterized by, among other things, racial segregation, spatial dislocation and class polarization. Despite these conditions, Johannesburg rose to become the economic powerhouse of South Africa soon after its establishment, attracting massive private investments and becoming the preferred business location.

Yet the city’s local economy collapsed almost simultaneously along with the demise of the apartheid regime in the late 1980s. The ensuing political restructuring and subsequent socio-economic changes, heralded a massive wave of private sector departure from the inner city and marked an epoch of unprecedented economic decline. Amidst the slough of decline that engulfed the city during that time, the City of Johannesburg made successive strides, albeit at times with little success, to revive the declining economy and stem the exodus of private capital from the inner city.

This chapter therefore locates the stimulation of private sector investment within the context of emerging urban regeneration initiatives as well as city vision

formulation and reformulations in the 1990s. It concludes by embarking on a textual excursion around the progress made in the inner city since the advent of urban regeneration initiatives in the early 1990s, highlighting the emerging themes, perspectives and debates from literature.

5.2 SETTING THE SCENE: A BRIEF HISTORY OF JOHANNESBURG

Johannesburg began its life as a small mining town shortly after the discovery of gold reef in the Witwatersrand. The year was 1886 (Mabin, 2007; Cohen, 2004; Charlton and Karam, 2003; Czegledy, 2003; Tomlinson *et al*, 2003b; Bremner, 2000; Mandy, 1984). During that time Johannesburg was occupied by predominantly white settlers from different parts of the world. This led to Johannesburg being viewed as a city of 'uitlanders' or foreigners (Tomlinson *et al*, 2003b; CDE, 2002). Shortly after its discovery, Johannesburg grew very quickly, thus becoming, in David Cohen's (2004) words, 'the fastest-growing town on earth' or 'a town on steroids' (p. 57). By 1911, the gold fields in Johannesburg were already producing an impressive 40% of the world's gold (*ibid*).

The discovery of gold and subsequently impressive economic progress of Johannesburg generated business interest from all over the world. The result was a rapid growth in other services such as manufacturing, light industries and service sector as domestic and foreign investment flowed into the city. Meanwhile, there was an emergence and rapid expansion of white middle class as new employment opportunities grew. Fraser (2005a) writes that by 1890, virtually four years after its discovery as a mining town, Johannesburg boasted 26 000 residents, 312 bars and hotels, 4 theatres, 3 social clubs, many sports clubs and brothels. Six years later, the population in the city more than tripled to 102 500 in 1896 and in by 1928 it reached 442 000.

Fifty years on, the numbers climbed to 620 000 in 1936, making Johannesburg the most densely populated city in the country – higher than Cape Town (335 000) and Pretoria (130 000), combined. The population size grew to 2.5 million

and 2.7 million in 1985 and 1996 respectively (Tomlinson *et al*, 2003b). Until the 1980s, and despite the existence of large black population, the city was, like others in the country, politically governed by the philosophy of apartheid and its rapid spatial development reflected racial segregation policies of apartheid (Parnell, 2007). The apartheid policy was premised on racial segregation and promoted white domination in cities and relegated blacks to subservience and inferiority (Mabin, 2007; Cohen, 2004).

As apartheid laws divided the country along racial lines, they disallowed certain racial groups to live and work in certain areas²³. Non-white people, especially blacks, were regarded as temporary sojourners in the white city ‘to serve in the mines, work in industries and provide services’ (Tomlinson *et al*, 2003b, p. 3). Once their working life was over, they were to go “home” in the rural areas. The apartheid policies also involved forcibly removing people classified as Africans, Indians and coloureds from good locations in Johannesburg and expelling them to the urban periphery. Influx control measures²⁴ were also introduced to control these people’s movement into the city.

While the landscape of the city was already segregated along racial lines, the advent the National Party government in 1948 into political leadership saw the introduction of what became known as “grand apartheid” which concretized the separate development philosophy (Tomlinson *et al*, 2003b, p. 6). The National Party combined discriminatory legislation, influx control and the creation of the ethnically-based “homeland” areas and racially-based administrative zones. In Johannesburg this saw the forcible removal of black people living in racially

²³ The Group Areas Act is just one of many legislations that restricted the movement of non-white people into white areas and made it illegal for people to live and work in areas that were protected for particular race group (Emdon, 2003; Morris, 1999).

²⁴ Influx control was the legal measure of restricting the influx of black people into inner city and preventing them from establishing residence in city. Black people were barred from permanent stay in urban areas black Pass laws were also introduced which restricted access of non-white groups to public facilities (e.g. beaches) and private services (e.g. restaurants, movie theatres). Non-white people were required to carry their identity documents (known as Dom-pass) whenever visiting cities and their access to the city was blocked (Morris, 1999).

mixed areas of Sophiatown (established in 1905) to new black township²⁵ of Meadowlands. People classified as Indians and Coloureds were also (in 1960s) pushed to Lenasia as well as Eldorado Park and Ennerdale respectively. This meant that not only were these people spatially excluded from most economic opportunities that were prevalent in the city, but they also had to commute long distances to access services that the city provided. As Mabin (2007) notes: at various times, different regimes – usually operating at a scale much wider than the city itself – have deepened residential segregation and contributed to social dislocation and fragmentation’ (p. 37)

However throughout these years Johannesburg’s showed signs of significant economic growth and remained an attractive location, from a business point of view. For instance, soon after its establishment, the City of Johannesburg became the financial and commercial hub for both South Africa and countries in the sub-Saharan Africa (Crankshaw and Parnell, 2004; Emdon, 2003; JHI Report 2003; Bremner, 2000). Inner city settlements grew rapidly and Marshalltown soon became firmly established as the mining and financial heart of Johannesburg. The city’s adjoining high density suburbs of Hillbrow and Yeoville, which developed speculatively in the 1960s, served as a point of arrival for new European immigrants to the city (Bremner, 2000).

Within ten years of its origin, Johannesburg was the biggest city in the country and by 1936 was recognized as ‘the largest and most densely populated European city in Africa’ (*cited in Tomlinson et al, 2003b, p. 4*) and claimed the status of ‘the Empire’s great gold centre’ (*cited in Bremner, 2000, p. 186*). By the 1980s the city was the home to many large local and international companies and was housing the headquarters of most of the country’s largest corporations

²⁵ A township is a dormitory settlement characterized by location far from city centres from which inhabitants have to commute long distances to nearby city for employment and other opportunities. These settlements were spatially designed as part of separate development policies of the apartheid regime. While the word “township” is often used in reference to settlements designated for blacks, it is also used for in reference to settlement occupied by people classified as Coloureds and Indians.

such as the Johannesburg Stock Exchange (JSE), the National Reserve Bank etc. (Tomlinson, 2003b; Robinson, 2003; Bremner, 2000).

The economic depression of the 1930s and subsequent abandonment of the gold standards in 1932 resulted in foreign capital flooding into the country and transformed Johannesburg into what some call 'a little New York or, if not New York, then at least Chicago or Saint Louis' (*cited in Tomlinson et al, 2003b, p. 4 and Bremner, 2000, p. 186*). The economic success and corresponding booms in the mining industry in the 1960s spurred the city to new heights. For instance, Bremner (2000) writes that by 1990 the inner city housed headquarters of 65 out of 100 of the largest public companies listed on the Johannesburg Stock Exchange, 13 of South Africa's 30 largest companies, 6 out of 8 major mining conglomerates and 9 of the 18 leading life insurance companies. In addition, it provided home to 11 of the leading 16 banking institutions, making it a national banking centre.

This trend continued for a long time as Robinson (2003) also notes: 'the inner city has always been a place of flows through which literally hundreds of thousand of people pass each day and from which investments and businesses across the country are managed' (p. 277). The economic success and the location of new businesses in Johannesburg also resulted in an increased immigration of people, some from outside South African borders. This was accompanied by a massive growth of sprawling townships such as Soweto²⁶ which were set apart by apartheid legislation for black working class (Bremner, 2000).

The image of Johannesburg as a growing city fell under growing opposition due to racial segregation and political divisions associated with apartheid policies. However, the city's growth endured political crisis that emerged out of the opposition to the racial oppression. Incidents such as the massacre of 69 people

²⁶ Soweto is an abbreviation for South Western Townships which is a geographic cluster of smaller townships. It is also the largest and one of the oldest black townships in South Africa.

that occurred in Sharpville on March 21, 1960 did not dampen Johannesburg's growth. Police had shot at a peaceful crowd that was protesting pass laws²⁷. This led to huge international criticism of apartheid policies. However, government responded with draconian measures and successfully maintained good levels of economic growth. Tomlinson *et al* (2003b) write that by 1963, growth reached an unprecedented 9% per annum. The Johannesburg economy was booming.

Foreign investment flooded the city and the Johannesburg stock markets recorded new listings, acquisitions and mergers. The population growth meant the availability of a workforce and further provided a business opportunity in the sense that [private] property developers had to supply accommodation. High-rise buildings mushroomed in the downtown area and many factories were built between 1951 and 1970. During the same period, employment levels increased by more than 75% and was estimated at 230 000 workers in 1970 (Tomlinson *et al*, 2003b).

The existence of large numbers of people further spurred the emergence of entertainment facilities, including theatres and cinemas, along with many of the country's leading hotels and restaurants were located within the boundaries of the CBD. These made the CBD the main focus of social, cultural, and commercial life for the city and for the wider African region. For instance, Czegledy (2003) recalls how 'the famous Rand Club on Loveday Street was the meeting place for much of the continent's business fraternity, particularly those involved in the mining industry on which the national economy depended' (p. 27).

At the same time and subsequent to the minerals discovery, both the public and private sectors invested heavily in infrastructure and built environment, in the form of roads and buildings leading to Johannesburg being the biggest transport

²⁷ In terms of these laws non-white people had to carry identity documents whenever they were in the vicinity of areas that were earmarked for whites (Mandy, 1984).

interchange in the country and a transport hub for the whole country with excellent accessibility and good infrastructure (Crankshaw and Parnell, 2004; Engelbrecht, 2004). The existence of major railway lines and good road network also meant that Johannesburg was of strategic importance to business in that it connected the city with other cities in the country and other parts of the continent.

While the economic success created a sense of confidence and invulnerability, political tensions prevalent at the time posed a real threat. Incidences such as the 1976 Soweto uprising in which black students were protesting against the compulsory use of Afrikaans language as a medium of instruction at schools began to tarnish the image of the city and its economic success (Mabin, 2007; Emdon, 2003). The resistance to apartheid served as an indicator of the political turbulence caused by racial segregation and political division. Brutish white domination and black oppression could no longer be tolerated. When the city celebrated its centenary in 1986, black opposition to the image of the 'city-with-a-golden-heart' reached its peak and rendered the celebrations meaningless (Tomlinson *et al*, 2003b, p. 5).

Opposition to the apartheid policies continued for a very long time and culminated in, among other things, abrogation of influx control and racial segregation laws in the late 1980s. Other racially discriminatory laws such as the Group Areas Act, 1950, were also repealed (Cohen, 2004; Emdon, 2003). This, together with the first democratic elections in 1994, marked the end of state-sanctioned racial segregation and the transition from apartheid rule to a new democratic dispensation. The year 1994 was also a year in which Johannesburg was reconstituted as a city where white and non-white areas were brought under the same local government administration (Tomlinson *et al*, 2003b). This meant a considerable increase in the city's population that had to share the same fiscal base.

The post-1994 era

The post-1994 era also saw the emergence of broad-based, democratic negotiations around how best to build an integrated Johannesburg. The business community had put pressure on local authorities to enter into such negotiations (Fraser, 2005a). The negotiating organizations included local government, civics and business. At that time discussions around regenerating the degenerating inner city were a low priority in government's agenda. The primary focus for government was on the provision of basic needs under the national programme of the Reconstruction and Development Programme (RDP) (Engelbrecht, 2004).

The period from 1990s to 1995 was characterized by what Neil Fraser (2005a) calls a "pre-change political paralysis" as well as financial crisis and local government restructuring. In 1990 the Central Witwatersrand Metropolitan Chamber (CWMC) had been established as policymaking body to make decisions by consensus. The formation of the Chamber marked the first phase for the establishment of local forums to negotiate the appointment of temporary local government councils that would govern until the municipal elections in November 1995.

At the same time, an overarching expectation was that local government was the agency best placed to drive change and improve service delivery, especially to the poor. In 1995 the Greater Johannesburg Metropolitan Council (GJMC) and four decentralized Metropolitan Local Councils (MLCs) were established as part of an interim government. After the 2000 municipal elections, a single metropolitan government was established, now known as the City of Johannesburg. But before the centralization of administration in 2001 the City of Johannesburg endured a lengthy period of uncertainty, financial hardships, and political disputes. The new administration inherited stringent financial constraints from old government, some emanating from unpaid debts deriving from the rent and services boycotts in black townships (Mabin, 2007; Beall *et al*, 2002).

As noted by the City itself, ‘by 1997, Johannesburg had become, in every sense, an unsustainable institution, slowly spiralling into a state of financial and institutional crisis and collapse’ (iGoli 2002, p. 18). Bremner (2004) adds: ‘by 1997 the city was bankrupt. The Greater Johannesburg Metropolitan Council was unable to pay its electricity bill of R300 million’ (p. 88). The extent of financial difficulties became apparent in October 1997 when the national and provincial government intervened in the city’s financial affairs because the five councils were heading for an unfunded position of R2billion by the end of the financial year (Tomlinson, 2003b; Beall *et al*, 2002).

This led to the review of administrative powers and the introduction of institutional reforms which culminated in the appointment of a Committee of 15, which was later named Transformation Lekgotla, to restructure the 5 local councils under what was known as *iGoli*²⁸ 2002 strategy (Beall *et al*, 2002). The Lekgotla, which had delegated powers to decide on service delivery, finance and human resources policy issues (Beall *et al*, 2002), produced the ‘birth of the unicity by transforming local government in Greater Johannesburg through changed governance, financial viability, institutional transformation, sustainable development and enhanced service delivery’ (*cited in Tomlinson et al 2003b*, p. 10).

In response to the crisis of 1997, the GJMC adopted a clear financial reform, including the move away from accrual budgeting system to a three-year budgeting cycle and a shift from an expenditure-led to a resource-based budget (Beall *et al*, 2002). The Municipal Systems Act (Act No. 17 of 2000) was enacted which required municipalities to prepare Integrated Development Plans (IDPs). The purpose of these plans was to refocus spending need and align budgets with service delivery programs as well as to promote compact, integrated urban development (Tomlinson, 2002).

²⁸ The word “iGoli” is the local vernacular name used to Johannesburg. It translates to “a place of gold”.

Leading up to the 2000 municipal elections there was a general consensus that the interim structure of the previous four years that had resulted in four local metropolitan councils was inefficient, ineffective and costly. The new structure was proposed for the creation of a unicity model where the four local councils and an overarching metropolitan council would be replaced with a single metropolitan authority (Mabin, 2007). Whilst the geographic area of the metropolitan saw a change from five political structures to one, it was again subdivided into eleven regions (iGoli 2002, 1999). The inner city formed part of Region 8 which was renamed Region F.

The advent of the new democratic dispensation after the 1994 elections also marked the end of a lengthy period of international isolation and scrapping of economic sanctions that had been meted by the international community against South Africa and ensured its re-integration into the world economy. The apartheid regime had 'removed the city from global consciousness and turned it into merely an exceptional case of urban oppression' (Mabin, 2007, p. 33). With the post apartheid changes, it was greatly anticipated that Johannesburg would relinquish its status as, to use the words of Tomlinson *et al* (2003b), 'an international pariah' and would re-enter the global economy (p. 3). New visions of the city's future were conjured up and new geographies were imagined (Robinson, 2003).

It was anticipated that Johannesburg's goods and services would be attractive to markets of the world and that foreign corporations would invest in its economy. The re-integration of the city into the global circuits of capital, it was assumed, would make the city prosper:

The demise of the apartheid regime also opened South Africa to global influences, particularly neoliberalism's pro-market and antigovernment biases, and engendered aspirations that the country and its major cities would become actors on the world stage (Beauregard *et al*, 2007, p. 237).

It was also believed that Johannesburg should transform itself and rise to become 'a globally competitive African World-class city' (*cited in Tomlinson et al*,

2003b, p. 4). In essence this marked the birth of urban regeneration in general and the “market-based” tradition in particular. The city started to make itself friendly to investment (both foreign and local).

It strived to embrace the traits of a typical 21-century city and ‘a city in which the public and private sectors are renegotiating their relationship and that is seeing a drift towards privatization, not just of infrastructure and services, but also affecting land development regulations, building codes and social services’ (Beall *et al*, 2002, p. 8). The following sections will dwell into factors that contributed to urban decline and private sector departure from the inner city and as well as government response to those dynamics.

5.3 FACTORS THAT CONTRIBUTED TO URBAN DECLINE AND THE FLIGHT OF PRIVATE CAPITAL

While the inner city was previously home to many private companies and the location of commercial activities, this drastically changed in the late 1980s when the wave of economic decline, in various form of manifestation, set in. The inner city was abandoned by many companies in favour of suburban locations north of the city, such as Sandton, Rosebank and Midrand. The once flourishing inner city apartments and office buildings quickly lost both commercial and residential tenants, especially at middle to high segments of the market (Czegledy, 2003). While factors that led to economic decline of the inner city can be traced as far back as the 1960s, tangible signs became more visible in the 1980s.

As indicators of the extent of private sector flight from the inner city, the following incredible facts are recorded in literature: In 1991, out of 759 firms listed on the Johannesburg Stock Exchange (JSE), 197 had their registered offices in the CBD of Johannesburg. In 1998, the CBD was still home to 129 listed companies, but in 2000, only 38 of them remained (*cited in* Beall *et al*, 2002, p. 113). The flight of private sector included small businesses as David Cohen (2004) notes:

Once there were eleven furniture shops situated along the length of Jules Street, but now there are only three. The others have gone out of business or moved away, unable to adjust to the new South Africa and demographic changes it wrought (p. 12).

Bremner (2000, p. 186) also records similar indicators of decline: Johannesburg's traditional manufacturing base lost activity across all sectors, declining from R3,4 billion to R2,5 billion between 1980 and 1994. Between 1982 and 1994 17 of the 65 top 100 national public companies located in Johannesburg moved from the CBD to decentralized locations and about 73% out of 104 top national business enterprises moved out of the CBD. Out of 10 top retail companies in the country having their head offices in Johannesburg, only two remained in the CBD. All leading accounting firms in the country retained their head offices in Johannesburg. But while in 1982, all seven were located in the CBD, by 1994 only three remained. In the advertising industry, of the top 15 firms in the country, 14 were based in Johannesburg. While in 1991, only seven of these firms were still located in the CBD, in 1994 all had relocated to decentralized areas.

The decline was also reflected in the economic performance of the city. Goga (2003) writes that while the inner city contributed an average of 10% of wider Johannesburg's Gross Geographic Product (GGP) in the 1970s, this dropped to 0.6% in the 1980s before increasing slightly to 1.7% between 1991 and 1994. A notable variable to the relocation trend was that major financial institutions remained in the CBD and have 'sunk considerable investments into property over the last 90 years' (Bremner, 2000, p. 187). The following paragraphs discuss specific factors that contributed to urban decline and the private sector moving out of the inner city.

5.3.1 Political transition and the demise of the apartheid regime

Perhaps one excellent illustration of how factors associated with political transition contributed to urban decline of the Johannesburg Inner City is the work of Alan Morris (1999) in Hillbrow, one of the residential suburbs in the area.

While Morris' work was based on Hillbrow alone, similar accounts have been recorded by other proponents working elsewhere in the inner city (e.g. Emdon, 2003; Gotz and Simone, 2003; Tomlinson *et al*, 2003b; Beall *et al*, 2002; Bremner, 2000). The works of these individuals will not be repeated, but where nuances in analysis exist, they will be highlighted. The public discourse and media publications tend to associate urban decline with the abolishment of laws of racial segregation and the arrival of blacks in the inner city. Contrary to this view, Morris argues that there are mainly two underlying factors that contributed to inner city decline during the political transition era – i.e. overcrowding and poor maintenance of buildings and infrastructure.

Hillbrow was, until 1991, legally reserved for white residents in terms of the Group Areas Act of 1950, as was the case in the rest of the inner city. However, it began to lose its racially exclusive status in the late 1970s, when people classified as Indians and Coloureds were granted restricted political rights under constitutional order. This was 'dramatically hastened in December 1982 when, in a landmark court case, the state versus Govender, Judge [Richard] Goldstone concluded that the notion that a person convicted under the Group Areas Act was compelled to vacate his dwelling was unjust and that this practice had to be halted' (Morris, 1991, p. 37). The court ruled that evictions had to be supported by the provision of alternative accommodation in the vicinity.

This court ruling somewhat eased the restrictions into inner city of people classified as Indians and Coloureds, as Chipkins (2006) puts it: 'police tended to look the other way when Coloureds and Indians moved into the inner city' (p. 92). This made Hillbrow the first area for racial desegregation in Johannesburg. During this time violence was rife across many black townships. Subsequently, many young, employed and relatively educated black South Africans started settling in Hillbrow as a resort to escape such violence and revolts from townships. This movement of blacks into Hillbrow was fuelled by the scrapping of the influx control restrictions in 1986.

The state had also failed to adequately provide significant housing stock for black people and townships were experiencing serious overcrowding. The movement into the inner city provided most black people with an alternative to escape township conditions. While reports and public discourse in the 1980 frequently cited the migration of poor blacks into the inner city as the cause for urban decline and exodus of white folks out of Hillbrow (e.g. Fraser, 2005a), Morris (1999) refutes this claim. He argues that during the early stages of black migration in 1980s, overcrowding was almost non-existent and that the 'new residents' had a class profile (in terms of income and education status) which compared favourably with their white counterparts²⁹.

In his research Morris found that densities in sectional title buildings in the early 1980s had only marginally increased. He argues that during his research the urban poor were not living in blocks of flats, but rather on the streets and there was a significant number of street children and homeless people, many of whom were engaged in illicit activities as means for survival. It is these people that actually contributed to the sense of urban decline and [white] flat dwellers felt threatened by them. As Morris puts it, 'the street people's presence fed into the perception that the neighbourhood was in decline' (p. 333)

Only in the late 1980s and early 1990s did black migration start to have an impact on Hillbrow. The exodus white people and their businesses soon gained momentum³⁰. Again Morris does not blame the degeneration of Hillbrow on black immigration alone, but rather on overcrowding and poor maintenance. The new groups, mostly black, also generally comprised poor people or low income earners (62% of households he interviewed in Morris's research had a per capita income of less than R1000 per month and had three or more occupants).

²⁹ A similar finding was made in Hillbrow's neighbouring suburb of Yeoville where 'racial desegregation was not accompanied by dramatic changes in the social class and educational profile of its residents' (*cited in* Beall *et al*, 2002, p. 119).

³⁰ Here is one clear an indicator of the departure trend: in 1985, 70% of flats in these areas were occupied by whites, 25% by coloured and Indians, and 5% by blacks. But by 1991 the white occupancy rate had dropped to 54%, while in 1996 it was merely 5% (Beall *et al*, 2002).

By mid-1980s, vacancy rates were increasing (i.e. high supply) and landlords, instead of lowering rentals to reflect new levels of affordability, often accepted blacks as tenants to occupy flats left by white residents and in turn charged high rentals from vulnerable black tenants. For them this was the only way of maintaining consistent income to meet their financial obligations. In other instances, white residents paying modest rentals were actively encouraged, even coerced, to relinquish their flats to make way for exploitable arrivals. The result was a massive overcrowding as the majority of new residents, most of whom had only meagre incomes and could not afford high rentals, had no option but to share accommodation and rental with friends and relatives.

To illustrate the impact of overcrowding, the following passage is extracted from Morris's book, *Bleakness and Light*, as one of the incredible stories told to him by a building manager during his research:

Like back in 1982 I used to manage these buildings with elderly ladies in. On the 27th when they get their pension they come and pay and by the 1st when the whole block is paid. So in 32 flats you'd have 32 old ladies and those old ladies will go to town twice a week, so they'll go down the lift twice a week and....they go to toilet once a day. Where now you get these landlords – they thought they were clever – they will charge R300 to the blacks and in the meantime they put eighteen people in a flat. So you've got eighteen people going to the toilet, eighteen people going up and down a lift hundreds of times a day, and sheebens. I mean this is what the problem is. We used to have a handyman servicing eight buildings. We've now got full-time plumbers and electricians and it's costing us thousands of rands a month to maintain the buildings and like I said, the domestic effluent is a major expense (interview with Mrs Poole *cited in* Morris, 1999, p. 100).

The wear and tear on buildings increased enormously (increasing with it were maintenance costs) and greedy landlords seldom responded in terms of fulfilling maintenance and repairs obligations, despite regularly collecting rental. Morris blames this poor maintenance on race-based belief that black people deserved a lower quality of service. The macro-economic issues also compounded the situation. The high interest rates in the late 1980s and early 1990s made mortgage repayment expensive. This was exacerbated by a shift in the property market and the 'drop in market price of Hillbrow properties' which 'combined with the difficulty of selling flats because of [banks] redlining encouraged some

landlords to get as much rent as possible, thereby negating the whole issue of resale and attendant maintenance' (Morris, p. 111).

Most landlords who were faced with growing mortgage and maintenance costs without substantial revenue struggled not to make profit, but to pay their bills. Some landlords simply abandoned their buildings altogether. The absentee landlords often weakened the control of caretakers by placing unsuitable tenants in their flats. In a situation characterized by exploitation, adversarial tenant-landlord relations, poor building maintenance and general tenant dissatisfaction, tenant resistance emerged. This took form in rent boycotts or unilateral rent cuts – in some cases tenants decided to pay less than half the rent demanded.

Tenants often viewed landlords as their enemies and accused them of racist neglects. Landlords were seen not only as landlords but also as beneficiaries of apartheid who were in that position because of their racial classification. Equally, landlords blamed tenants for damaging their buildings. The tenant-landlord relations were viewed by tenants as an extension of the anti-apartheid struggle and the rejection of white supremacy. Hillbrow, like many parts of the inner city, rapidly deteriorated into urban blight and subsequently reached a 'tipping-point'³¹ in the mid 1990s. As physical and economic deterioration of inner city areas like Hillbrow increased, so did the rate of crime.

5.3.2 Crime

Accompanying the problems that came with the political restructuring of the 1980s was a drastic increase in criminal activities. Crime reached

³¹ The expression "Tipping-Point" is borrowed from the public health profession and denotes 'the point at which an ordinary and stable phenomenon – a low-level flu outbreak – can turn into a public health crisis' (*cited in* Greene, 1999, p. 181). In the context of urban regeneration, this term is often used in reference to a gradual process of urban decay which may be sparked by lack of maintenance in one building leading to the others and reaching a certain level or critical point of spreading to the entire neighbourhood and resulting in business and people moving out to other locations. The term may also be used in reverse. For instance when urban decay reaches a tipping-point (critical point), any intervention that can effect even small-scale building refurbishment may trigger dramatic 'ripple pond' of neighborhood rejuvenation.

unprecedented levels in the late 1980 and early to mid-1990s (Bremner, 2000). Palmary *et al* (2003) write that crime in South Africa, in general, reached 'epidemic proportions' after the 1994 elections, a reputation that was 'perhaps most starkly manifested in Johannesburg' (p. 105). The city soon gained a reputation as 'the crime capital of South Africa' (Charlton and Karam, 2003, p. 4; Palmary, 2003, p. 101). The advent of the new political dispensation came with a promise to change the perception of South Africa across the world. As a commercial hub of South Africa, Johannesburg, it was believed, would make a re-entry into the global economy and become a destination for investors and tourists. Tomlinson *et al* (2003a) record how Johannesburg adopted a strategic plan that would promote it as a world city and how the perception of crime proved that the realization of that dream was not to be a smooth process:

Despite the city's efforts, the perception of the city as dangerous and the economy as unstable persisted. Investors did not rush in and tourism has remained minimal. Although Johannesburg discarded an off-putting image, it seemed to attract another, an image of a crime-ridden and deteriorating city, an inner city in decline (p. xii).

Therefore, crime in South Africa in general and Johannesburg in particular was widely perceived to be the cause of low rate of investment (Stone, 2006; Lipietz, 2004; Cohen, 2004, Palmary *et al*, 2003). For instance, Lipietz (2004) writes about the thwarting impact of crime on business opportunities and urban growth as an indictment to the post-apartheid dispensation. She argues that such a sense of opportunity that came with the new political era, which is in some undeniable ways is a reification of the victory of the Anti-apartheid struggle for urban space, is also being threatened by crime. In an ill-managed city, she continues, illicit activities thrived such as drug trafficking, scams, prostitution, and child trafficking.

On the other hand David Cohen (2004) argues that while illicit activities may have provided means of livelihood for some, most formal businesses in the inner city have had to close down, and many are struggling to survive the onslaught of ever more sophisticated and heavily armed robbers. The following passage is taken from Cohen's book – *People who have stolen from me*:

As Jack cruises down Jules Street, trying to coordinate his speed with the timing of the traffic lights, he reflects on how violent crime has eliminated certain businesses from the street. Jules street was once home to some of the best Portuguese restaurants in the city, but every one of them are now gone. Campino's, perhaps the best known of the establishments, closed down a few years ago when the owner was brutally murdered – apparently for the daily takings. The owner of Mustang Sally's Café Restaurant was killed too, says Jack, as was the owner of Pop's Supermarket, who, rumour has it, was shot at point blank range in front of the shoppers (p. 19).

While authorities in the City of Johannesburg have, as a key priority, to regenerate its inner city and thus generating economic growth, high levels of crime have been frequently cited as a real constraint to economic growth and development. The CDE report (2002) points out that Johannesburg has higher crime rate than any other South African city, and crime is the single most important deterrent to investment (p. 10). In the World Bank's Investment Climate Survey published in 2003, 30% of enterprises in South Africa cited crime as 'a major constraint' to investment, making crime the fourth among ten most frequently mentioned constraints after skills shortage, macroeconomic instability and labour regulations (World Bank, 2003, p.19).

Violent crime

Most types of crime in South Africa are within international norms and are comparable to other countries³². However, the starkly distinctive feature of crime in South Africa is not its volume but its violence (Stone, 2006; Cohen, 2004; Palmary *et al*, 2003). A study conducted in the City of Johannesburg by Charlton and Karam (2003), found that between January and March 2001, the City of Johannesburg recorded the highest per capita crime rate in the country for a wide range of serious and violent crimes such as murder, robbery with aggravating circumstances, motor vehicle theft/hijacking, housebreaking as well as shoplifting, organized crime. In 2001, one of the police stations in the inner city - the Hillbrow station – was found to have the highest reported incidences of crime, compared with other stations, nationally. Rampant crime had a direct

³² Although this is the case, the level of reporting crime in South Africa is lower and inconsistent with trends in other developing countries (Palmary *et al*, 2003).

impact on the prospects of private sector investment and cost the city dearly in terms investor confidence and tourism.

5.3.3 City governance and poor decision-making

While a perception exists that urban decline in Johannesburg only started during the period of political transition in the late 1980s and early 1990s, the works of Fraser (2005a); Engelbrecht (2004); Goga (2003) and; Beall *et al* (2002) shows that the decline continuum actually started since the late 1950 and early 1960s. Decisions taken by the then City Council and the introduction of new planning policies were at the cradle of the inner city's economic misfortunes and had negative impacts in the area for the following 50 years.

1950 – a decision for local government to move out of the CBD to Braamfontein

A decision was taken in early 1950 by the then City Council to move out of the CBD to Braamfontein. Although the decision was not implemented until 1972, it set a trend that sparked the private sector move out of the CBD, created the perception of CBD decline and set vacancy rates in motion. For example, Fraser (2005a) writes that at the time of the decision, Braamfontein had only 5000m² supply of office space – but in 1975 space supply had increased to 163 000m², suggesting that the growth of Braamfontein was at the expense of the CBD.

1960s - Traffic restrictions

During the 1960s, city planning was dominated by traffic engineers. Following traffic models used in the US, the city developed major roads that circumscribed the CBD. The idea was to get traffic to the periphery of the city as quickly as possible where both the private and public sectors would build parking facilities. An efficient public transport system would then move people from the parking garages to their places of work. In order to “encourage” this process, the city implemented ill-conceived by-laws which restricted the number of parking bays that any new building was allowed to provide and reduced the area to parking bay ratio to 1 bay per 100m² of office space (Fraser, 2005a; Engelbrecht, 2004).

However, no efficient transport system was put in place. At the same time, car ownership grew immensely among the white business sector and their employees, leading to traffic congestion (Engelbrecht, 2004). This forced the private sector and investors to look for alternative locations in areas where restrictions did not exist. This, together with the considerably high rentals in the city centre, precipitated the private sector relocation. As a result Fraser (2005a) argues that: 'ultimately local government was responsible for a decade of paralysis that cost the city and its ratepayers dearly, not only in value but also in investor confidence' (p. 5). This was seen in the decrease in property values and rentals.

5.3.4 New commercial and residential developments north of the city

As stated, poor decision-making and parking restrictions subsequently led to an increase in car congestion in the city. This was compounded by an increase in private car usage which together with the desire to work closer to homes and avoid traffic congestion, sparked the relocation of private sector and created grounds for the establishment of secondary centres in north of the city centre (Heimann, 2007). The result was the early flight of commercial business to the new peripheral locations in the 1970s which further attracted a certain segment of the consumer market to the new centres, especially high income earners with access to private transport (Beall *et al*, 2002).

Consequently, some commercial tenants were sucked out of the inner city, often to large shopping malls and office parks, leading to the skyrocketing of vacancy rates in the inner city. For instance, one of the landmark buildings in the city, the Carlton Centre, with its 50 000m² of office space experienced vacancy rate of up to 70% in most of the 1990s and only recovered after it was acquired by the government-owned transport company - Transnet - in 2000 (Beall *et al*, 2002). While the above factors accentuated the development of decentralized nodes, studies have questioned the commercial rationale behind these developments. They tend to suggest that the development of decentralized commercial centres

was not justified by market rationale. A study conducted by Soraya Goga (2003), for instance, found that the commercial developments occurred not as a reaction to market forces or user demand, nor as a response a supply shortage.

Goga writes that ‘investors did not flee the CBD simply because the demand had fallen there and risen to the north. Institutional investors and large property owners made these decisions on other grounds’ (p. 81). These grounds included what Goga calls ‘the concomitant boss factor’ whereby self-serving managers chose suburban locations as means of improving their personal work-living environment and reducing distance between work and their homes. There was also a desire for a working environment that was different from the CBD due to changing work type, changing technological needs and ‘stylistic’ changes such as low-rise buildings and including park-like settings. However, Goga argues that decentralized investments occurred despite the fact that the demand was low and the general yields and rentals across the city were declining: ‘This meant,’ she explains ‘that CBD owners, through investing in real estate in new locations in a period of economic decline, undermined their investment in the CBD and also their metropolitan portfolios’.

This is the paradox that informs her argument, that relocation was controlled by financial sector that was dominated by what she calls an ‘oligopolistic market structure’ (i.e. large financial, pension funds and insurance companies). She goes further to illustrate how this oligopolistic structure of these institutions drove what he call ‘false competition’³³ that serve little more than to ‘exacerbate conditions of oversupply’ (Goga, 2003, p. 72).

The late 1980s was also a period characterized by high inflation rates (about 13% mid-70s to 1980s) which led to increased household investment in insurance and pension funds. These forms of investments were generally seen

³³ Goga (2003) draws a difference between true and false competition. Whereas true competition involves many investment actors in one market reacting to user demand, false competition on the other hand occurs when these self-same investment actors react also to each others’ actions.

as favourable investment or saving vehicles than banks or stock markets. Investment in bank deposits was seen a risky as most banks were also financially unstable owing to high bad debts and low repayment rates. The net effect was the over-accumulation of capital by pension funds and insurance companies and excess capital relative to investment opportunities. The assets of the institutions mentioned above increased more than 74-fold between 1961 and 1988 and companies were hard-pressed to invest capital they had accumulated.

The trade sanctions that were imposed on South Africa made international investment impossible, similarly poor performance of the manufacturing sector minimized investment options. Left with a few options, 'the long-term financial institutions thus switched investment into real estate' (Goga, 2003, p. 73). Decentralized development was a "spatial fix"³⁴ for institutions possessing over-accumulated capital.

Property assets of institutions grew thirty times between 1960 and 1966 even though the overall economy was sluggish and the property sector was performing poorly. For this, Goga blames a flawed property management system which did not see declining rent across the metropolitan area, but only increasing returns from decentralized areas. Moreover, employment in the northern suburbs was declining 1.6% per annum between 1991 and 1996 (Tomlinson *et al*, 2003). These dynamics devalorised the CBD portfolio because it had most buildings older than 20 years and valorized decentralized location portfolio. It also widened the gap of property ownership structure within the market.

5.4 GOVERNMENT RESPONSE TO DECLINE: THE EMERGENCE OF URBAN REGENERATION INITIATIVES

The advent of the new post-apartheid dispensation after 1994 saw all tiers of government focusing energies on improving the delivery of basic services under

³⁴ Goga (2003) explains a spatial fix as an occurrence whereby investment escapes to new locations in times of a profitability crisis.

the national framework of the Reconstruction and Development Programme (RDP) (Engelbrecht, 2004). At the time effective upkeep and maintenance of inner city services and infrastructure, despite being in a poor state of disrepair, was low. Soon the inner city fell into the spirals of urban decay and was, in the words of Beall *et al* (2002), 'slipping beyond the control of both national and local government' (p. 109). The pattern of decline was worsened when government seemed both unwilling and unable to respond to the economic downswing (Fraser, 2005a).

As stated, the vacancy rate for inner city buildings was high (so too was crime and grime), and infrastructure of some buildings began to show signs of severe decay. The night life was almost non-existent with streets and theatres showing no sign of activity, especially at night. The fear of crime was central to this decline in activities. These urban problems begged a swift response and urgent action by authority, as Bremner (2000) puts it: 'the authorities realized that the city needed reinventing' (p. 186). Urban regeneration was still a low priority (Engelbrecht, 2004) and 'the democratization of local government, instead of assuaging widespread fears of CBD downturn and inner city decline, compounded public anxieties about the maintenance of "standards" by seizing on the issue of urban regeneration of the inner city' (Beall *et al*, 2002, p. 110).

The initial attempts towards inner city rejuvenation were first mooted in a 1986 publication by the Democratic Party-led³⁵ Johannesburg City Council called *Urban Renaissance*. This booklet, which marked the portals of urban regeneration thinking, was published shortly after the centenary celebration by the former mayor, Eddy Magid (Bremner, 2004). The main thrust of this plan was the aspiration to invoke patterns of flourishing private sector investment in the inner city – a philosophy that has to this date, formed the cornerstone of long-term urban regeneration strategy in the city. It intended to [re]engineer the city on the same basis as those that propelled it to economic success last seen in the

³⁵ The Democratic Party subsequently changed its name and is now known as the Democratic Alliance – the second biggest political organisations in South Africa after the ANC.

1960s (*ibid*). However, this plan did not move off the grounds and by the early 1990s, and with political change and institutional restructuring in the city, new ideas about regeneration came to the fore.

Although the government's response to urban decline was slow and the early attempts towards urban regeneration seemed weak, one thing stood out quite noticeably – the desire to create conducive environment for private investment and commercial activities as Jo Beall, Owen Crankshaw and Susan Parnell (2002) note in their book, *Uniting a Divided City*:

Metropolitan intervention in the inner city, once it finally occurred, was biased in favour of getting the commercial landscape right. However, the regeneration vision did not involve tackling the problems of neighbourhood and buildings that led to the inner city being perceived as a frightening or difficult place in which to be. Johannesburg, while quite understandable and indeed worthy, has worked against the interests of ordinary inner-city residents and has precipitated the view that 'community' in the inner city is dead. While the city was fairly successful in identifying partners for commercial regeneration, at least in the formal sector, its record has been less impressive with respect to engaging with the informal and illicit economies and in the residential sphere (p. 109).

When the City authorities responded to decline, their interventions were underpinned by four elements: 1) to rebuild the economic base of declining areas; 2) to attract private sector investment and location in the inner city; 3) restore private sector confidence in the inner city; and 4) retain and sustain the momentum of existing private sector investment:

The city managers see the problem differently. They are concerned about capital flight from the CBD and view their role as reviving the inner city, creating more stability, and managing the urban poor and marginalized in these areas so that order is re-established (Emdon, 2003, p. 229).

5.4.1 The inner city regeneration strategy

The government response to decline crystallised in policy revision, drastic institutional reforms, crime prevention as well as the introduction of various interventions designed to attract private sector investment in the inner city. It is the intention of this study to evaluate these measures, basing the evaluation on the private sector perception. As discussed below, the visions and strategies of Johannesburg's revival that emerged during the late days of apartheid aspired towards a 'world city' status - a goal which was to be achieved through urban

policy making (Bremner, 2000). Cities such as New York, Baltimore, London, Tokyo etc. served as good regeneration models (Bremner, 2000). Strategies that were devised that were supported by aggressive marketing campaigns, emphasizing sports and culture as vehicles for investment and drawing from the experiences of North American, Western European and British cities (Fraser, 2005a; Bremner, 2000).

The city was promoted as “inviting” and “integrated” and most projects were typically based on international models. For instance, Bremner (2000) writes how Newtown Cultural Precinct was designed as a “Civic Spine” to host an array of cultural events such as the “Arts Alive Festival” – thus resembling the emulation of waterfront developments in Baltimore, Boston etc. Strategic projects were identified to involve the private sector in rebuilding the declining local economy and enhance Johannesburg’s chances of achieving a world city status.

The choice of projects was based on a “boosterist” strategy, ‘aimed at attracting and keeping investors in the city and on the basis of apparent research into the characteristic of world cities’ (Bremner, 2000, p. 189). These included precinct upgrading projects, which are discussed later in this chapter. While in the early stages of inner city revival, under the interim local government, the drive by the metropolitan council ‘included the active encouragement of formal business’ (Beall *et al*, 2002, p. 110), business sector itself took initiatives in early reforms to protect its investment and make sure that its voice was heard (CDE, 2002).

5.4.2 Institutional reforms and business initiatives

The problem of urban decline was a concern to major commercial property development companies which stood to lose significantly as property values, rentals and occupancy rates all plummeted. Subsequently, the private sector mobilised and organised itself to find solutions, as Fraser (2005a) puts it:

Faced with staggering loss in value, with occupancy rates and property values under increasing pressure; continuing signs of urban decay in the CBD and the astonishing lack

of any appropriate response from authorities, the Business Sector took matters into their hands and organized a *Strategic Initiative Workshop* to seek solution (p. 5).

From a strategic and multi-sectoral workshop mentioned above initiated by business sector, two important outcomes emerged. *Firstly*, was a mandate for the establishment of an appropriate organization to engage in urban regeneration process. *Secondly*, was the identification of the major issues that desperately needed to be dealt with (Fraser, 2005a; Mandy 1994). This was followed by a series of institutional reforms and the creation of organizations to drive urban regeneration process thereby serve as a fillip in attracting private sector in the inner city.

The new organization, which was named the Central Johannesburg Partnership (CJP), was established in 1992 as a non-profit company with Mr. Neil Fraser as its CEO. It was also tasked with researching causes of and possible solutions to urban decay. The CJP identified six major issues that needed urgent attention, namely safety and security, informal trading, cleaning and maintenance of public spaces, revitalization of residential accommodation, transportation and taxis management and urban planning and marketing. The CJP was central in facilitating urban regeneration and learning through experiences from other cities of the world, particularly American experience. This was done through a series of events such as study tours to the US and commissioning the head of American Downtown Association to act as a consultant to the CJP (Beall *et al*, 2002). For this reason, Johannesburg's urban revival strategy is regarded by some as comparable to many American cities (*ibid*).

The CJP organised community workshops and public-visioning exercises, involving numerous stakeholders, in devising programmes and strategies for eradicating crime and grime. For instance, the CJP was behind the introduction of the concept of City Improvement Districts (CIDs) in 1993 and, together with provincial government, the enactment of the Gauteng City Improvement District Act (No. 12 of 1997), which provided a formal legal framework for the

establishment and management of CIDs (Fraser, 2005a). The CJP later coordinated the process of CIDs establishment and management in the City of Johannesburg.

The main aim of the CIDs was to serve a forum for the consolidation of the vision of the municipality and business sector in the inner city (Beall *et al*, 2002). The CJP also advocated strongly for the “zero tolerance” approach to crime in respect of informal trading and law-breakers. Again the private capital played a role in the sense that the council cooperated with business and endorsed an initiative to get the by-laws changed in order to prevent unregulated street trading and formalization of street vendor service (*ibid*). However, the “zero tolerance” approach could not be effectively implemented in Johannesburg because of the city had no police under its control. This was the case until the establishment of the Johannesburg Metro Police Department in 2001 which, together with South African Police Service, has since adopted the “zero tolerance” stance.

It was after the first democratic local municipal elections in 1995 and local government restructuring that legitimate public and private sector partnerships could develop a vision for the inner city from which an urban regeneration strategy was emerged. In 1996 a structure known as the Johannesburg Inner City Development Forum (JICDF) was established to craft a vision for the inner city, comprising business, community and labour organisations as well as provincial and local government (Fraser, 2005a; Bremner, 2000). Urban regeneration attempts reached a pinnacle moment when the jointly crafted vision was adopted in 1996 and announced in 1997 by the then Deputy President, Mr Thabo Mbeki, which was entitled “*Johannesburg – the Golden Heartbeat of Africa*” (CoJ, 2001).

The vision aspired to towards an inner city that would be:

A dynamic city that works

Liveable, safe, well managed and welcoming

People centred, accessible and celebrating cultural diversity

A vibrant 24 hour city

A city for residents, workers, tourists entrepreneurs and learners

Focused on the 21st Century, respecting its heritage and capitalizing on its position in South Africa, African and the world, a truly global city

The trading hub of Africa, thriving through participation, partnerships and the spirit of ubuntu (CoJ, 2001; Bremner, 2000).

However, the JICDF had neither the authority nor resources to implement the strategic initiatives that arose from that vision and was replaced in 1998 by what was called the Section 59 Committee (which was later changed to Section 79 Committee), but generally known as the “Inner City Committee” (Fraser, 2005a; CDE, 2002). The Inner City Committee was a sub-committee of the Johannesburg Metropolitan Council, consisting of various stakeholders including the private sector, city officials, Non-Governmental Organizations (NGOs). The committee commissioned a consulting company – the International Organization for Development (IOD) – to prepare and present a report about the future of the inner city. The report, which was presented to both Section 79 Committee and the Johannesburg Metropolitan Council, recommended the establishment of the an organization similar to Urban Development Corporation (UDC) that had existed in the UK and US.

The purpose of this organization, the report held, was to facilitate amongst other things urban regeneration and private sector investment in the inner city. This culminated in the establishment of the Inner City Office (ICO) and its successor - Johannesburg Development Agency (JDA) to achieve the same. In line with this clear prioritization of the inner city, fostering ties with the private organisations was an important function of these two organizations.

5.4.3 Inner City Office (ICO)

The Inner City Office was established in 1998 as a specialized project management arm of the Greater Johannesburg Metropolitan Council (GJMC). It functioned as a project design and facilitation unit, structuring a range of urban environmental upgrade and social and economic development projects, most with various business and community partners (Gotz and Simone, 2003). It addressed complex social and economic fabric of the inner city mainly through the execution of time-bound projects (Beall *et al*, 2002). However, the local government restructuring of 2000 and the creation of single political structure saw the review of the ICO mandate and some urban regeneration projects which were conceptualized earlier were aligned with other new projects. Effectively this saw some projects delayed, something that was a cause for concern to the private sector. However the then City Manager, Khetso Gordon, allayed private sector fears and embarked on a mission to establish a development agency to continue the work that had been conceptualized earlier (CDE, 2002).

Bilateral discussions were held between the private sector and the Inner City Office and funding was raised by business to send the Manager of the Inner City Office and the Executive Director of the CJP to the USA to examine the role of local government development agencies (Fraser, 2005a). The outcome of this exercise was the establishment of the Johannesburg Development Agency in 2001. Together with a broader institutional restructuring of the Johannesburg metropolitan Council, the Inner City Office was disbanded and its functions were taken over by the Johannesburg Development Agency (JDA).

5.4.4 The Johannesburg Development Agency (JDA)

The Johannesburg Development Agency (JDA) provided continuity of projects that were conceptualized under the old political administration (Davie, 2006a). Its mandate, which was broader than that of its predecessor, included: promotion of economic growth through the development and promotion of efficient business environments; stimulation and support of area-based economic development

initiatives in support of the city vision; implementation of the City of Johannesburg's and the Blue IQ's³⁶ capital investment projects; regenerate decaying areas of the city so as to enhance their ability to contribute to economic development of the city and promote productive partnerships and cooperation between all stakeholders (public and private). This mandate was strengthened after the 2000 elections by the critical role played by Mr. Amos Masondo, who after being elected Executive Mayor of Johannesburg declared inner city regeneration to be one of the six key priorities for his term in office (JDA, 2005).

Mr. Masondo also appointed a senior councillor from his mayoral committee to act as the politician responsible for the inner city. Further, he supported the establishment of the JDA. The JDA has been central to the "market-based" urban regeneration strategy. The precinct upgrading projects under its management are considered to have catalytic effects in leveraging private sector investment. In the first two years it focused exclusively on the inner city and, together with strategic partners – the Blue IQ and the City of Johannesburg, since successfully managed large scale capital investment projects such as the construction of the Nelson Mandela Bridge, Constitution Hill, Braamfontein and Newtown regeneration project and many others.

The JDA compares well with the Urban Development Corporation (UDC), which existed in US and UK as government agencies tasked with facilitating private sector investment in inner city regeneration³⁷. One of the objectives of this study is to evaluate how the private sector perceives the JDA as the regeneration agency. While the JDA is generally regarded as significant in urban regeneration

³⁶ The Blue IQ is a R1.7 billion provincial government initiative whose focus include projects such as urban regeneration. The urban regeneration projects funded by "the Blue IQ" include Newtown Cultural Precinct upgrading project, Constitution Hill and the Nelson Mandela Bridge. These are discussed later in this thesis.

³⁷ This observation is supported by Beall *et al* (2002, p. 116-117). While parallels exist between the JDA and UDC, some nuances are worth mentioning. The former is established by and accountable to the local government, whereas the latter was established, funded and accountable to central or national government (Imrie and Thomas, 1993). However the fundamental operational principles in these two are largely similar.

process, it has attracted some criticism. For example the work of Beall *et al* (2002) shows that the JDA and its predecessor, the ICO, tended to favour certain powerful private interests and not those of the poor. Partnerships between public and private interests are facilitated by the ICO and the JDA were, Beall *et al* (2002) argue, not to the benefit of the community, but to private investors. This is what the writers call ‘tunnel vision’ which has tarnished the ICO and the JDA’s relationship with residents in the city. The authors criticise the ICO and the JDA for lacking community participation:

The genuine commitment of the ICO to community consultation and participation can be seen in the nature of its projects, its involvement in multi-sectoral consultative visioning exercises, and a number of “good practice” outcomes. By virtue of its structure and functions, however, the ICO has not engaged in real participatory process of “good governance” with all stakeholders, or with the residents of the inner city at the neighbourhood scale (p. 117).

One of the major problems for Johannesburg’s ICO, and its successor the JDA, is that the participatory planning format envisaged by DLG [Developmental Local Government] in South Africa was not really designed with the realities of established neighbourhoods in mind.....As such, they [i.e. the ICO and JDA] engage in widespread consultative process and pay lip service to participatory democracy, the projects to which they give rise remain dominated by powerful interests, and the benefits rarely spread beyond the precinct. As a result, while the city has been able to engage successfully in circumscribed projects with coalitions of interest linked to formal business in Johannesburg, its efforts at residential urban regeneration have been less impressive (p. 128).

5.4.5 The Johannesburg Property Company (JPC)

The Johannesburg Property Company (JPC) was set up in 2000 to manage properties under control and ownership of the municipality. The company was formed when the new Unicity council amalgamated four units that had managed property for various Metropolitan Local Councils and as part of the City’s *iGoli 2002* re-engineering process as well as the *iGoli 2010* framework. It was intended that JPC would operate as a private company or a ‘corporatised’ agent of the council. It was mandated by its single shareholder (the City of Johannesburg) to carry out property developments; alienation municipal properties; property management services; and all ancillary services to the above (Thale, 2004, p. 1).

The JPC also had an important role to play on the urban regeneration front. Among its objectives was support of economic development in the City of Johannesburg through property development projects and promote property investment; to maximise the financial value and returns of the city's property portfolio; to maximise the efficiency and minimise the costs in respect of the utilisation of property that is occupied and/or owned by the City of Johannesburg. One of the most important programmes run by JPC, in relation to this study, is the Better Building Programme. This Better Building Programme is discussed later in this thesis under paragraph 5.6.2.

5.4.6 Institutional reforms at Provincial Government level

At provincial level, the Gauteng Provincial Government (GPG) issued policies that were directed at inner city regeneration. Two important policy documents were issued in 1997, firstly, the Gauteng Growth and Development Framework (GGDF) and, secondly, the Gauteng Trade and Industry Strategy (GTIS). Both these documents provided a transformation framework of Gauteng cities and intended to position Gauteng as a globally competitive “smart province” and highlighted the importance of effective inner cities for sustainable development and urban growth (Engelbrecht, 2004; Tomlinson *et al*, 2003b). The revival of the Johannesburg Inner City, by virtue of being the biggest city in the province and most affected by urban decline, was paramount in these documents.

Subsequently, the Gauteng Department of Development Planning and Local Government (GDDPLG) issued a White Paper on Urban Regeneration and an Integration Plan for City, Town and Township Centres. These documents served as basis for the enactment of legislation to facilitate the establishment of City Improvement District and the establishment of the Vusani Amadolobha³⁸ Programme to finance urban regeneration projects in inner cities (Engelbrecht, 2004). The latter programme was subsequently renamed “the Blue IQ” growth

³⁸ The literal translation of this isiZulu phrase is “rebuild cities” but it depicts urban regeneration programme

strategy. Most projects which were initiated under this programme for the Johannesburg Inner City were implemented by the JDA when it took over as the implementing agent of urban regeneration projects in 2001.

5.4.7 Private sector reforms

While government embarked on drastic institutional reforms and rallied behind the urban regeneration initiatives, the private sector also organised itself to ensure a uniform approach in the urban regeneration process. Subsequently, two private sector organisations were formed:

Property Owners and Managers Association (POMA)

POMA is an organisation of landlords and property managers in the inner city. It was established to ensure that these groups play a meaningful role in the urban regeneration process and that their views are represented in all strategic plans. It also developed residential accommodation standards with which its members must comply in order to ensure the provision of well managed housing units and developing good relationships between landlords and tenants.

The Johannesburg Inner City Business Coalition (JICBC)

The JICBC is a loose coalition of business organisations which was established in 1995 to take part in the debate about the provincial government's renewal process called "Inner City Ivukile"³⁹ (Fraser, 2004). It differs from POMA in that it represents wider business interests (not only those of property actors as POMA does) and its members include major inner-city corporates and retailers. The JICBC has funded, initiated and actively participated in a large number of inner-city initiatives, including: the moving of the provincial government from Pretoria to Johannesburg; the strategic visioning exercise undertaken in 1996; the establishment of the Johannesburg Inner City Development Forum, which led in turn to the establishment of the Inner City Section 79 Committee; the development of a strategic plan for the inner city; and the establishment of an

³⁹ The literal translation of this isiZulu phrase is "the Inner City has arisen".

inner-city office and manager (*ibid*). The JICBC has also been instrumental in the establishment of City Improvement Districts (Heimann, 2007).

It can be seen from the above discussion that attempts to revive the inner city have always been focused on influencing market conditions and preparing the landscape to enhance private sector investment. The policy formulation, visioning process, the institutional reforms all worked towards this goal. The subsequent policy and strategy revisions as well as city vision reformulation only served to fortify the notion.

5.5 THE REVISED URBAN REGENERATION STRATEGY

While a city vision that was crafted earlier was an important element of planning, it was of no value if it did not have a strategy for implementation or a plan for turning vision into reality. The urban regeneration strategy to support the vision was developed in 1998 and was contained in the Spatial and Economic Framework for the Inner City (SEFIC) document (GJMC, 1998). Funded mainly by the private sector, the SEFIC was adopted as the framework for inner city revitalization by the Johannesburg Metropolitan Council (CoJ, 2001). In addition, the urban revitalization vision was incorporated into the Integrated Development Plan (IDP) and was legitimized as part of a council process, which all council sectors were required to work towards its accomplishment (CoJ, 2006b).

A revised inner city regeneration strategy was published as the position paper in 2001 (CoJ, 2001). Again the promotion of private sector investment was paramount in the SEFIC goals and objectives which were:

- a. To promote and use investment opportunities in the inner city
- b. To ensure a long-term, sustainable increase in rates revenue
- c. To provide an inclusive, attractive and well-managed environment for residents, workers, business and visitors
- d. Creating an enabling and profitable investment environment
- e. Increase business opportunities for emerging small to medium enterprises

- f. Provide inclusive, attractive and well managed environment for residents, workers, businesses and visitors.

Most of the initiatives and major projects which were implemented after 2000 as part of urban regeneration were actually conceptualized during the above period and planning exercise. These include catalyst projects such as Constitution Hill, Nelson Mandela Bridge and Mary Fitzgerald Square. Also during the first meaningful private sector driven initiative took place in the form of the upgrading of the van der Byl Square, now known as Ghandi Square. This project was the brainchild of an attorney-turned property investor, Gerald Olitski, and was coordinated by Central Johannesburg Partnership.

The New Vision

While the vision for the inner city was in place, the municipal restructuring made it necessary to incorporate the urban regeneration vision into the city-wide, long-term vision. Images were constructed of the city's future, around which investment, public opinion and social accord were mobilized (Bremner, 2000). This culminated in the formulation of a new vision in which inner city rejuvenation was included. Announced in March 1999, the new vision was called *iGoli 2002*, a three-year plan which included commitments to restructure city's financial and organizational base, putting the city's finances in order and bringing business and investment back into the city (CDE, 2002; GJMC, 1999; *iGoli 2002*, 1999). The *iGoli 2002* was concerned with improving service delivery by 'creating public utility and agencies to provide certain services; corporatising certain services and privatizing non-core business' (CDE, 2002, P. 34). It also resulted in the 'corporatization of most major aspects of the city's public businesses, including electricity, water, roads, and lands' (Mabin, 2007, p. 54).

Proponents argue that the *iGoli 2002* vision was internally focused and had no public participation process (Parnell, 2007). It was generally more concerned

with economic efficiency rather than social equity and lacked programmes for addressing the needs of the poor:

There is a very clear sense across the city that, without success in the technical transformation of local government, the pro-poor goals of reconstruction will not be achieved and this is the fundamental demise of *iGoli 2002* (Beal *et al*, 2000, p. 111).

The *iGoli 2002* strategy was dropped not because of social equity concerns but because a long-term vision was needed (Mabin, 2007; Robinson, 2003). It was replaced by *iGoli 2010* which was completed at the end of 2000, just before the 2001 municipal elections and the introduction of the executive mayoral system. Promising to build a long-term vision, the *iGoli 2010*, like *iGoli 2002*, sought to promote Johannesburg as ‘a globally competitive African world-class city’ (Czegledy, 2003; CDE, 2002; GJMC, 2000). Through the *iGoli 2010* vision, the city reinvigorated the process of partnering with key stakeholders including business, community and labour. However, this strategic vision was also short-lived – the advent of the new political administration under Executive Mayor Amos Masondo - saw the review of *iGoli 2010* and its subsequent replacement by *iGoli 2030* in 2002 (Mabin, 2007).

Also known as “Your City in the Year 2030” (Wilson, 2006), the *iGoli 2030* Programme started in 2001 and, like others, aspired towards an economically robust Johannesburg and promoted it as a changing city. In the latter vision, the desire to stimulate private sector investment was perhaps more explicitly illustrated. The *iGoli 2030*⁴⁰ did not only refer to Johannesburg as ‘a globally competitive African world-class city’ as its predecessor did. It also called for Johannesburg to become ‘a world-class business location’ (CoJ, 2002):

In 2030 Johannesburg will be a world class city with service deliverables and efficiencies which meet world best practices. Its economy and labour force will specialize in the service sector and will be strongly outward orientated such that the City Economy operates on a global scale. The strong economic growth resultant from this competitive economic behaviour will drive up City tax revenues, private sector profits and individual disposable income levels such that the standards of living and quality of life of all the City’s inhabitants will increase in a sustainable manner (p. 8).

⁴⁰ *iGoli 2030* was also known as Joburg 2030 strategy

The 2030-vision was aligned with the Gauteng Provincial Government's growth strategy under "the Blue IQ". The *iGoli 2030* vision promoted Johannesburg as a business friendly environment:

Our business property market (including office, commercial and industrial space) will deliver generic and sector specific accommodation to a full range of businesses in terms sector, size, price, lease period and grading (CoJ, 2002, p. 109).

Some observers argue that the *iGoli 2030* vision was largely flawed as it did not fully take into account previously developed visions and projects and had been drawn without consultation with established structure (Fraser, 2005a). Others argue that that both *iGoli 2030* and "the Blue IQ" were likely to reinforce economic, social and spatial imbalances in and around Johannesburg as they focussed too much on economic imperatives (Tomlinson *et al*, 2003b). Nevertheless, a new department called, the Economic Development Unit (EDU), was established within the City of Johannesburg to deal with the implementation of *iGoli 2030*. The consultation by the EDU crystallized into a new and re-focused strategy. A document was produced in which the strategic directions that had previously been embarked on were aligned with the objectives of the *iGoli 2030* vision (CoJ, 2004a).

Known as the Inner City Regeneration Business Plan (2004-09), the strategy had as its goals, 'to raise and sustain private investment thus positively influencing property values' (CoJ, 2004a, p. 10). It also had five pillars:

1. To identify and eradicate 'sinkholes'⁴¹
2. To create ripple pond investments,
3. To support economic sectors
4. To introduce and intensify urban management
5. To maintain and upgrade infrastructure

Recently, in 2006, the *iGoli 2030* vision was incorporated into the Growth and Development Strategy (GDS). The latter strategy sought to consolidate all city

⁴¹ Sinkholes are buildings that are derelict and structurally unsound. In Johannesburg most of them are overcrowded by illegal squatters and are used for unsuitable uses such as shebeens, some night clubs drug dealing, sweatshops etc.

strategic plans (including *iGoli 2030*, the IDP, urban regeneration strategy etc.) into a single long-term strategy, aligning these with national government programme of Accelerated and Shared Growth Initiative of South Africa (ASGI-SA). However, the GDS did not introduce major changes to the current urban regeneration strategy.

5.5.1 Legal reforms and progressive law in the inner city

As explained in paragraph 4.3.1 above, during the political transition period the relationship between tenants and landlords was often adversarial leading to unlawful actions being taken by one party against the other. Unlawful actions such as rent boycotts by tenants and unilateral evictions by landlords were common. The legal system and legislative environment did not offer sufficient protection to either tenants or landlords as ‘common law alone prevailed’ (Emdon, 2003, p. 223).

Since 1994 numerous legal reforms were introduced by government to better govern the landlord-tenant relationship and to create more certainty in private lease arrangements. These sought to ensure protection to property owners and also to ensure that unscrupulous landlords did not take advantage of vulnerable tenants. Pieces of legislation regulating the landlord-tenant relationship were enacted by both national and provincial governments. These include Rental Housing Act (50 of 1999) and the Gauteng Residential Landlord and Tenant Act (3 of 1997). The latter legislation contains minimum requirements of what should be contained in a lease agreement and the type of behaviour that is considered unfair on the part of lessors as well as disallowed practices.

The legal landscape was also revised to regulate the eviction of illegal occupants of private property. The Prevention of Illegal Eviction From and Unlawful Occupation of Land Act (No. 19 of 1998) (which is generally abbreviated as the PIE Act) was enacted in 1998. While the PIE Act does not make it unlawful to evict people, it simply made procedures administratively fairer for all parties. For

instance, section 4(2) of the Act states that 1) evictions cannot take place unless there has been an order of the court, 2) notice must be served on an unlawful occupier prior to a court case for his or her eviction, and 3) in certain instances alternative accommodation must be provided.

5.6 OTHER INITIATIVES DESIGNED TO ATTRACT PRIVATE SECTOR INVESTMENT IN THE INNER CITY

The promotion of the private sector investment is also reflected in a number of other initiatives that have been adopted by the City of Johannesburg. While some have been discussed above (i.e. the Johannesburg Development Agency in paragraph 4.4.4 above), this section will discuss initiatives such as the Urban Development Zone (UDZ), the Better Building Programme, the City Improvement Districts (CIDs), the precinct upgrading projects and crime prevention strategies.

5.6.1 The Urban Development Zone (UDZ) initiative

An Urban Development Zone (UDZ) is a circumscribed area in which government intends to encourage property investment by offering tax incentive in respect of erection, extension, addition, upgrading or improvement of buildings that fall within the demarcated UDZ area. The Urban Development Zone (UDZ) initiative was introduced in Johannesburg with the underlying principle to both ameliorate financial risks to investors and to stimulate private investment in inner city regeneration. The tax incentives were first mooted in 2002 by the Minister of Finance, Mr. Trevor Manuel in his 2002/03 budget speech.

It came into effect in 2003 after the Income Tax Act (No. 58 of 1962) was amended through the promulgation of the Revenues Laws Amendment Act (No. 45 of 2003) (CoJ, 2004b). The latter Act allowed municipalities to demarcate and register locations within their respective areas of jurisdiction that would be called Urban Development Zones (UDZ) in which urban regeneration would be targeted. In order to be approved, the proposed UDZ had to be consistent with the municipality's development plans and guidelines such as the Integrated

Development Plan. The Act the permitted owners and developers to write off costs or claim tax deductions in respect of refurbishment and/or new developments in demarcated UDZs, making it an accelerated tax depreciation allowance. In Johannesburg, the UDZ coincides with the area known as the inner city (Fraser, 2005a) and is the only UDZ for Johannesburg (CoJ, 2004b) (see also Maps 2,3,4 and 5).

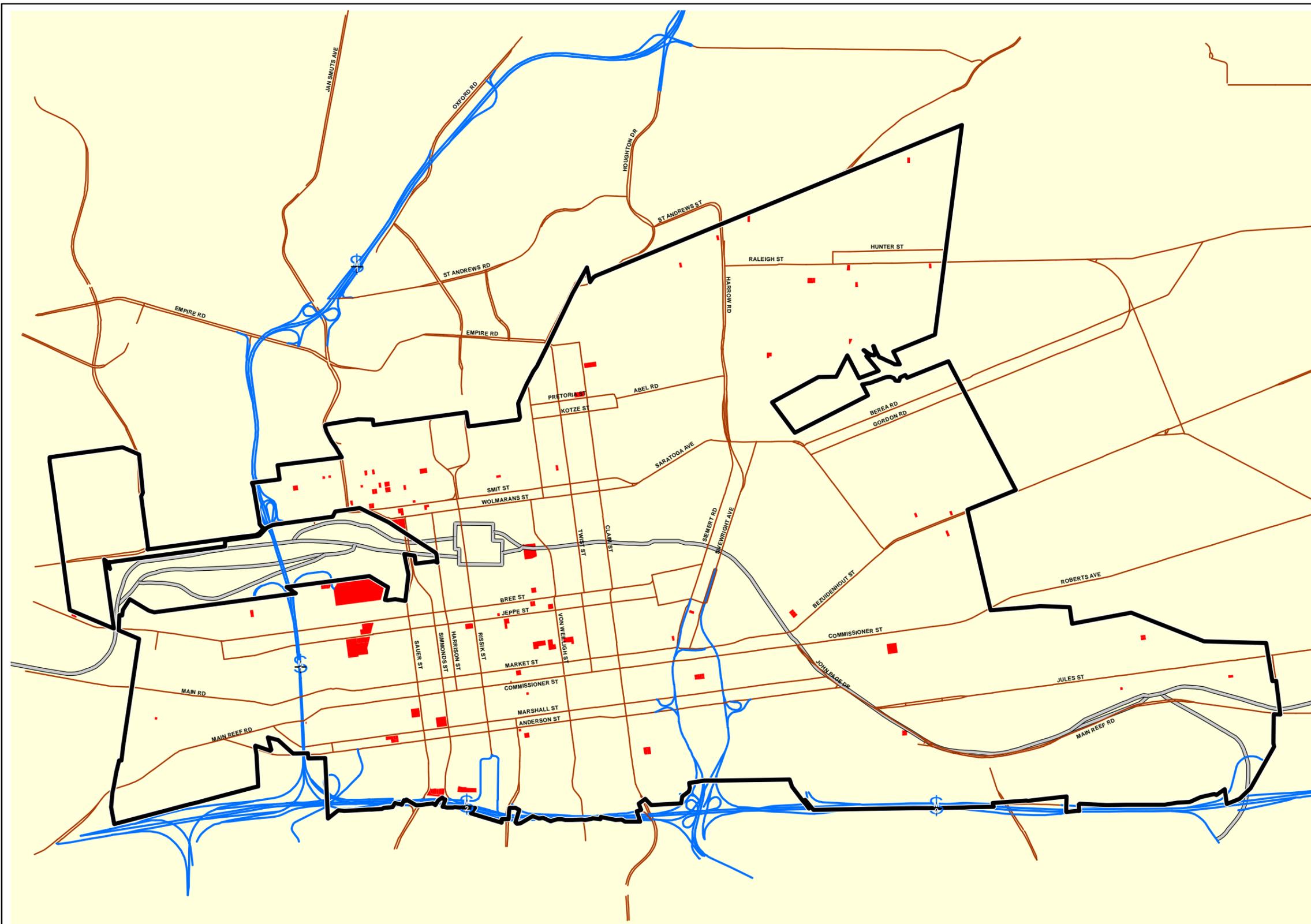
In terms of the Revenues Laws Amendment Act (2003), owners and developers can claim tax deduction over a 17 year period in case of new developments. In the first year a 20% deduction is allowed and 5% for the remaining 16 years. In case of a refurbishment of an existing building an accelerated straight-line depreciation allowance of 20% per year of the costs of improvement over 5 years is permitted. These tax deductions can only be considered on issue of 'certificate of location' and 'certificate of occupancy'⁴². In order to benefit from UDZ incentive, refurbishments, construction, extensions, improvements or additions have to be carried out on a floor area of at least 1 000 square metres (CoJ, 2004b). The UDZ compares favourably with the Enterprise Zones concept which was implemented in both the US and UK. The buildings for which the private sector has made applications for the UDZ tax incentives are indicated in Map 6 below.

The UDZ incentives are hailed as the driving force behind the recent surge in investment in the inner city. In the recent media publications, the city claimed that UDZ was responsible for R1,1-billion worth of completed building refurbishments in downtown Johannesburg between 2003 and 2006 (Abraham, 2006; Abraham, 2005a).

⁴² The 'certificate of location' is proof that the building is located within the approved UDZ. The 'certificate of occupancy' is a requirement in terms of the National Building Regulation and Building Standards Act (Act No. 103 of 1977). The latter must be issued to confirm that the building is structurally sound for human occupation.



Map 6: UDZ applications



- Legend
-  Inner City/UDZ Boundary
 -  Freeways
 -  Major Roads
 -  Rail Network
 -  UDZ Applications

SOURCE:
CITY OF JOHANNESBURG: CORPORATE GIS,
FEBRUARY 2007

INNER CITY
MAP 6
UDZ APPLICATIONS

PLAN NO:	
REVISION NO:	
DATE:	
2	
	



By mid-2006 the City of Johannesburg had received more than 60 applications for locations certificates for new refurbishments, and 20 had already been issued (Abraham, 2006). It is believed that the UDZ will also have knock-on effects on the investor market by drawing more investors. While the UDZ initiative has been strongly supported by the investor community (Abraham, 2006; Fraser, 2005a), proponents argue that ‘tax incentives are not in themselves sufficient to spark urban renewal, and must be applied in conjunction with other initiatives’ such as property tax relief arrangements, bulk service contribution waivers (Engelbrecht, 2004, p. 22). However, this study is interested in how private sector perceives the UDZ initiative.

5.6.2 The Better Building Programme (BBP)

Another pillar of the “market-based” approach to urban regeneration is the Better Building Programme (BBP). This a programme which the City of Johannesburg facilitates the expropriation and sale of derelict buildings to investors who are prepared to refurbish, manage and maintain them (JPC, 2006; Garson, 2004; Bremner, 2000). The disposal of these buildings enables the municipality to recover debts owed to it in municipal rates (or part thereof) through ‘structured repayment schedules linked to the profitability of new housing units’ (*cited in* Beall *et al*, 2002, p. 116) and facilitate urban regeneration. The municipality can also agree to write-off or significantly reduce amounts owed before transferring a building to a willing developer (JPC, 2006).

Most buildings identified in the BBP are overcrowded by illegally occupants who violate by-laws and building regulations or are used for illicit activities such as drug dealing, liquor outlets, night clubs, sweatshops etc. Locally they have been dubbed “sinkholes” (CoJ, 2004a). The programme is the brainchild of the Central Johannesburg Partnership (CJP) and the Johannesburg Development Agency (JDA) (Davie, 2006b). Through the BBP, the city can rid itself of blighted, distressed or ‘bad’ buildings whose owners (usually absent owners) owe monies to municipalities for services provided.

The Better Building Programme, in principle, resembles state practices of land expropriation using the *power of eminent domain* to sell expropriated pieces of land to private property developers that was popular in the US in the 1960's. As a relatively new initiative, it is hoped that the BBP will help to bypass the many hurdles that stymied previous attempts to reverse inner city decline (Garson, 2004). Previously, moves by property developers to buy and fix up derelict buildings deadlocked over the massive service and municipal rates payments in arrears that accumulated over time. In many cases, the arrears bill for buildings far exceeds their market value, such that even outright sale of will not relieve owners of their debts.

The Better Buildings Programme began its life as the Bad Buildings Programme, under the management of the Inner City Office (ICO) (Bremner, 2000, Fraser, 2005b). However, it was felt that the name projected negative connotations, it was renamed appropriately. As discussed in paragraph 4.4.5 above, the BBP is currently managed by the Johannesburg Property Company (JPC). The process of acquiring buildings begins with the identification of a bad building and checking out its status as far as arrears and market value are concerned. This is followed by a legal process to acquire the building which ranges from outright expropriation to purchasing the building. The JPC then identifies possible investors who may be interested in acquiring the building for upgrading and refurbishment and who meet its requirements.

Approved investors who acquire bad buildings under the BBP in exchange for an undertaking to renovate and manage them, have to enter into a formalized legal contract known as an "Obligations Agreement"⁴³ (JPC, 2006; Fraser, 2005b). On the strength of the Obligations Agreement, the JPC can apply to the City of Johannesburg and various utility agencies to a write-off or reduce owed

⁴³ This agreement specifies the extent, cost, standard and timing of the building upgrade, and lists the obligations of the owner to maintain specified standards of health and safety and good building management practices.

monies and to issue the necessary clearance certificates. The building is then awarded to investors and JPC closely monitors each project to ensure that the work proceeds according to programme and that quality standards as well as other obligations contained in the agreement are met.

About 20-30% of inner city buildings are classified as “bad” buildings (CoJ, 2007). These would require R260-million in arrears to be written-off or written-down by the council. It is also estimated that the total cost for renovation would be approximately R320-million, and when completed, some R6-million a month will be collected in rates and service charges by the City of Johannesburg. According to the Trafalgar Report (2006), 15 buildings underwent renovations worth R500 million in 2006. This was in return for the City of Johannesburg writing off R250 million worth of rate arrears. The location of buildings earmarked under the BBP is indicated in Map 7 below.

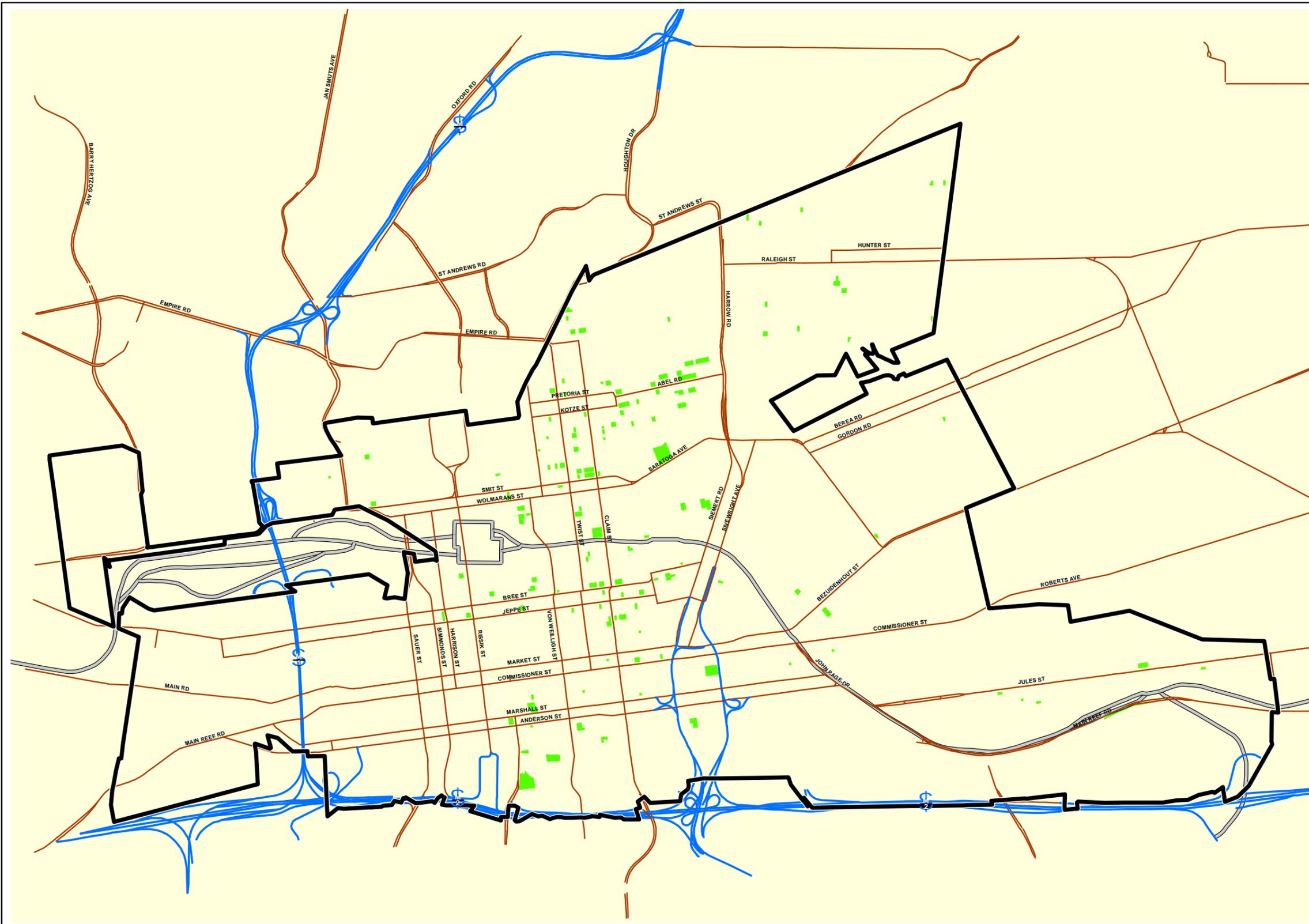
It is anticipated that once the BBP is complete, about 34 800 people will be accommodated (Fraser, 2005b). The BBP, it is believed, will also be effective in fulfilling the goals of the regeneration strategy by creating ‘ripple pond’ investment in the inner city (Davie, 2006b). Although little has been written on the BBP per se, some critical commentary on the programme is worth noting. For instance, Fraser (2005b) notes that legal process and the writing off of arrears is painfully slow and delays potential investments considerably. There are also no guarantees for rate write-off:

If there are large arrears, the building can be purchased subject to write-off. There is no guarantee that the city council will, in fact, write off such arrears but, if one submits a coherent detailed plan that is acceptable to the JPC, this can be achieved, provided that an Obligations Agreement is concluded (Fraser, 2005b, 2).

The BBP also faces fierce resistance from previous owners of who at times demand exorbitant compensation for their buildings (Davie, 2006b). Nevertheless, this study intends to explore how the private sector perceived the BBP as an instrument to stimulate private investment.



Map 7: The location of buildings under the BBP



- Legend**
-  Urban Development Zone
 -  Freeways
 -  Major Roads
 -  Rail Network
- Better Buildings Programme**
-  Better Buildings Projects

SOURCE:
CITY OF JOHANNESBURG: CORPORATE GIS,
FEBRUARY 2007
CITY OF JOHANNESBURG: EDU, FEBRUARY 2007

INNER CITY
MAP 7
LOCATION OF BETTER BUILDINGS PROGRAMME

PLAN NO:	
REVISION NO:	
DATE:	
2	
	



5.6.3 The Crime prevention strategy

An important imperative in stimulating private sector investments in the inner city has always been the need for the City of Johannesburg to, jointly with other agencies, attenuate crime. Crime prevention measures employed in the City of Johannesburg compare well to international examples discussed in the chapter 3 (paragraph 3.4.4). While, locally, crime prevention is generally understood as the primary responsibility of the state⁴⁴, non-state agencies, such as private sector and non-governmental organizations have played an important role in the fight against crime in South African (Baker, 2003; Vetten and Dladla, 2000). The use of other non-state agencies in crime prevention suggests that the police alone are insufficient to fight crime.

In Johannesburg, a multi-agency crime prevention strategy for the inner city was developed mainly around four agencies⁴⁵ namely the Johannesburg Metropolitan Police Department (JMPD), South African Police Service (SAPS), the Gauteng Department of Safety and Liaison (GDLSL) and Business Against Crime (BAC). The latter organization was formed by a conglomerate of large private sector companies to supplement city and government resources on crime prevention, nationally. This study intends to explore the views held by the private sector about crime and crime prevention measures existing in the Johannesburg Inner City which loosely fall within the framework of urban regeneration.

The Johannesburg Metro Police Department (JMPD)

The Johannesburg Metro Police Department was established in 30 March 2001 under the provisions of the 1998 South African Police Service Amendment Act and the 2000 Local Government Municipal Systems Act. It was established to create a uniform law enforcement institution after the amalgamation of 16 law enforcement agencies, five local government security agencies and various

⁴⁴ This perception exists in most democratic societies (Stone, 2006; Charlton and Karam, 2003).

⁴⁵ While the local authority did not initially develop a separate crime prevention strategy and did not have a law enforcement agency under its control, it was encouraged to broaden its crime prevention involvement. It was only in 2001 that the municipality started with its own police force, the Johannesburg Metro Police Department.

traffic law enforcement agencies. This was in response to the sustained levels of violence and the prevailing fear of urban crime which dominated the urban public psyche in the mid-1990s. The government had decentralized the locus of public safety service delivery to the city level in terms of the 1998 White Paper on Safety and Security which required city administrations to take responsibility for city-level crime prevention (Palmary *et al*, 2003).

The JMPD was therefore established with the core mandate to perform effective road traffic management, prevent crime and enforce by-laws throughout the metropolitan area, with the purpose of reducing infringements in each function (Charlton and Karam, 2003). The JMPD's crime prevention strategy focuses on the provision of visible policing through patrols and roadblock, creating police presence, especially in the inner city and other crime-ridden areas in the CBD. The intention of these activities is to filter and apprehend offenders, potential offenders and wanted persons.

In the context of urban regeneration, JMPD's *modus operandi* is informed by underlying assumption of the linkage between crime and grime, with a particular focus on decaying and derelict areas to prevent crime. The JMPD is also responsible for by-law enforcement and collaborates with City Improvement Districts, the Central Johannesburg Partnership and Business Against Crime. One of the limitations of JMPD is that, although it can arrest perpetrators, it is not empowered to investigate offences (Charlton and Karam, 2003). The investigation is a task reserved for South African Police Service. Therefore JMPD cannot follow through with further investigations on arrests they make. In the recent past JMPD service delivery has been hampered by serious capacity problems within the JMPD. For example, while it employed 2300 staff and had 250 vacancies in 2003, there has always been a need to expand JMPD and increase its capacity and use technological devices to improve its operations (*ibid*).

The South African Police Service (SAPS)

South African Police Service (SAPS) operates under the provision of the 1998 South African Police Service Amendment Act (Act 83 of 1998). In Johannesburg the SAPS works closely with the JMPD, with the latter more regarded as a partner in providing visible policing, boosting capacity and generally playing a supporting role to the former. In terms of crime prevention strategy, SAPS works within the frameworks of the National Crime Prevention Strategy, drawn up in 1996 and the White Paper on Safety and Security. The underlying assumption of these two documents is the need for a multi-faceted approach to crime prevention, in which it is broadly recognized that law enforcement and criminal justice system alone will not solve problem of crime. Rather that the institutions of government and civil society must work together in the fight against crime.

In Johannesburg, the SAPS operated under the auspices of the 'national strategy of "Operation Crackdown", which promotes hard-line policing with a "zero tolerance" approach' (Charlton and Karam, 2003, p.20). This strategy was introduced in 2000 with the aim of curtailing the astronomically high crime rate. In terms of the strategy, areas with high crime rates across the country were identified. The Hillbrow police station in the Johannesburg Inner City emerged as the highest in the country, thus helping Johannesburg to gain its reputation as the 'crime capital of the country'. The Hillbrow area has also been used to experiment with the "broken window" strategy that helped New York rid itself of petty crimes in the late 1990s (Beall *et al*, 2002). As explained in paragraph 3.4.4, this strategy recognizes the reinforcing relationship between crime and urban decay.

A two-pronged approach was developed specifically for the inner city. One was a geographic one, focusing on providing extensive visible policing, conducting raids and searches, roadblock etc. The other approach focused on organized crime, targeting mostly syndicates, through special police operations. Since the launch of Operation Crackdown in 2000 in Hillbrow, most serious crimes

stabilized or decreased (with the exception of assault and cash in transit robbery⁴⁶) (SAPS, 2006, Charlton and Karam, 2003) such that high profile crimes such as car-hijacking, bank robbery and murder are ‘today far below the rates recorded a few years ago’ (Stone, 2006, p. 14).

The SAPS, as part of its strategy, uses the informer service to target and apprehend high-profile criminals. It also introduced a community mobilization campaign which aimed at mobilizing citizens to pledge their support for crime prevention. From this mobilization “operation clean-up” emerged, involving tackling grime, graffiti, litter and encouraged community to take ownership of its public places. Further, Community Policing Forums (CPFs) were established, mainly in residential areas, to promote cooperation between the community and the police and provide civilian supervision of police activities (Charlton and Karam, 2003).

In the inner city, there has been a gradual decline in crime, including areas which were once regarded as the worst in the country such as Hillbrow, since 2001 which suggest that the inner city is stabilizing (SAPS, 2006). However, Charlton and Karam (2003) argue that, although the impact of SAPS service is felt in Johannesburg, its relationship with the JMPD and lack of programme cohesion between the two affect SAPS operations.

The Gauteng Department of Safety and Liaison (GDSL)

The Gauteng [provincial] Department of Safety and Liaison (GDSL) has an important role in terms of the crime prevention strategy. It works in conjunction with an array of other organizations, to perform an oversight function and monitor police performance in general. It also is responsible for coordinating the criminal justice system, with a strong focus on social crime prevention. Although the department’s area of responsibility is not limited to inner city, it informs all policy

⁴⁶ A similar trend was observed in other police stations in the inner city such as Yeoville, Jeppe, and Johannesburg central.

developments and ensures that policies pertaining to crime prevention are implemented, including for the inner city. As such it performs a facilitative approach rather than a hands-on one, providing an enabling environment to other state agencies such as SAPS, JMPD etc. who in turn undertake programme implementation.

In terms of a crime prevention strategy, the GDSDL's main focus is on prevention, that is, it aims to identify and deal with the root causes of crime rather than symptoms. It therefore focuses on social fabric crimes such as domestic violence, rape which are often difficult to report to police (Charlton and Karam, 2003). It also tries to improve the relationship between the police and the community by supporting the establishment of the community policing forums and training its members. The department regards as its role awareness creation and has facilitated public education and crime awareness campaigns such "16 days of activism against women and child abuse", "gender violence project" and the "Youth at Risk" programme (Charlton and Karam, 2003).

Business Against Crime (BAC)

Business Against Crime (BAC) is a private sector-led crime prevention initiative. The BAC was established as a section 21 company in 1996 to augment government's crime combating mechanisms. It was established with a mandate to, 'together with government and in partnership with citizens, make South Africa a safer place to live, work and do business in' (Charlton and Karam, 2003, p. 29). Since its establishment, BAC has run projects in Johannesburg Inner City receives funding largely in the form contributions from big businesses (Seale, 2006).

The main focus of the BAC is to develop strategies, policies, systems and processes on crime prevention and the transfer of business skills to crime prevention agencies and government. It also advises government on various security management systems and the implementation of those systems and was

involved in the formulation of the National Crime Prevention Strategy. The BAC has also spearheaded the installation of CCTV – surveillance camera technology project in 2001, in partnership with SAPS and Johannesburg Metropolitan Council.

The monitoring is backed up with a mobile unit which can respond as quickly as 45 seconds. These CCTV cameras have been touted as a boon in the fight against crime, providing unprecedented success in crime prevention in the inner city. The CCTV cameras were installed in 2000, covering mainly crime hot spots. A year later crime in these areas reportedly dropped by 48% (JNA, 2005). Two years on, crime in the city had dropped by 80% (JNA, 2005, Charlton and Karam, 2003).

5.6.4 City Improvement Districts (CIDs)

South African CIDs operate in a largely similar fashion as their international counterparts (Heimann, 2007). They are also part and parcel of broad measures seeking to promote investment by creating sanitary and safe environment that is appealing to people, favourable to business and thus better enhancing prospects of future investment in specific areas. The CID model reached South Africa in mid-1990s and soon spread to other cities including Johannesburg, Durban, Cape Town and Pretoria (Heimann, 2007; Hoyt, 2003). As is the case internationally, South African CIDs are established to provide supplementary services because 'local governments are simply unable to render basic sanitation and security services' (Hoyt, 2003, p. 8).

In Johannesburg and wider Gauteng, again similar to international experience, CIDs are established in terms of legislation - the Gauteng City Improvement District Act (Act No. 12 of 1997) which provides procedures for the formation and independent management of city improvement districts to fund their services. A CID can be established once a petition for its establishment has been received and approved by the municipality concerned. In terms of the Act, a petition must

be accepted by no less than fifty one percent (51%) of owners of rateable properties in order for a CID to be approved.

Municipalities may take into account whether the proposed CID is consistent with the Land Development Objectives (LOD) set out for a particular area in terms of the Development Facilitation Act (DFA), 1995 (Act No. 67 of 1995) or similar Integrated Development Plans (IDP) for the area set in terms of other legislation (GPG, 1998). In the Johannesburg Inner City, the establishment and management of CIDs was initially coordinated by the Central Johannesburg Partnership (CJP) and the Johannesburg Development Agency (JDA). This function is currently being undertaken by a private company - Kagiso Urban Management (KUM). Eight CIDs have been established in the inner city five of which are formally legislated and are managed by the CJP and Kagiso Urban Management. The legislated CIDs are:

- Braamfontein Improvement District (BID)
- Central Improvement District (Central ID)
- Retail Improvement District (RID)
- Benrose Improvement District (BENID)
- South-Western Improvement District (SWID)

Others are not yet formally legislated:

- Newtown Improvement District (NID)
- Fashion District
- Main Street

These are illustrated in MAP 5 below.

CIDs in the Johannesburg Inner City have been hailed as effective in reducing crime. Proponents write that 'by 1999, muggings in [City] Improvement Districts were down 90% from 1994 figures' (Bremner, 2000, p. 190). Recently, the CIDs together with the CCTV cameras have been praised for reducing crime by more than 80% in the inner city (Majola, 2003). However, local CIDs have been

criticised in a largely similar manner as international counterparts, especially for cost associated with their establishment and for focusing in a few areas:

...given that property owners and tenants are expected to carry the costs of establishing a CID, it is no accident that CIDs are concentrated around Johannesburg's Central Business District.....Consequently, those areas benefiting from this service are the areas where business can afford the associated costs. Thus the privatization of safety has the very real potential to further entrench inequalities between neighbourhoods and people (Vetten and Dladla, 2000, p. 74).

CIDs are also criticized as powerful regimes that are dominated by private sector with little or no representation of other segments of the urban community such as informal traders (*ibid*). However, this study is interested in views held by the private sector about the CIDs.

5.6.5 Urban regeneration initiatives and precinct upgrading projects

An interesting element of urban regeneration in Johannesburg has been the precinct upgrading approach. This initiative entails the upgrade of public spaces within a certain precinct usually by the JDA. Within different precincts, certain infrastructure upgrading projects are identified with a potential to attract investor attention and where regeneration is targeted. As explained in paragraph 4.4.4 above, these projects are believed to have catalytic effect in stimulating private sector investment. As explained below, most precinct upgrading projects coincide with the City Improvement Districts (CIDs). The precinct upgrading projects are illustrated in Map 5 and include the following: Newtown Cultural Precinct, Braamfontein Regeneration Precinct, The Constitution Hill, The Financial District, Main Street Precinct, The Fashion District, The Jewel city, The Retail Precinct⁴⁷ - CBD Development & Regeneration, Jeppe Station Precinct, The Ellis Park Sport Precinct, The Kopanong⁴⁸ Gauteng Provincial Government Precinct, The Legislature or Legal Precinct, The Nelson Mandela Bridge project, Hillbrow/ Yeoville regeneration initiatives.

⁴⁷ This is also dubbed "chaos district" due to its ambience of dissonance, bustle and hustle associated with taxi operators, large pedestrian numbers and informal traders on the street pavement (Fraser, 2005a)

⁴⁸ Kopanong is a Sotho word for a meeting or a place where a meeting is held

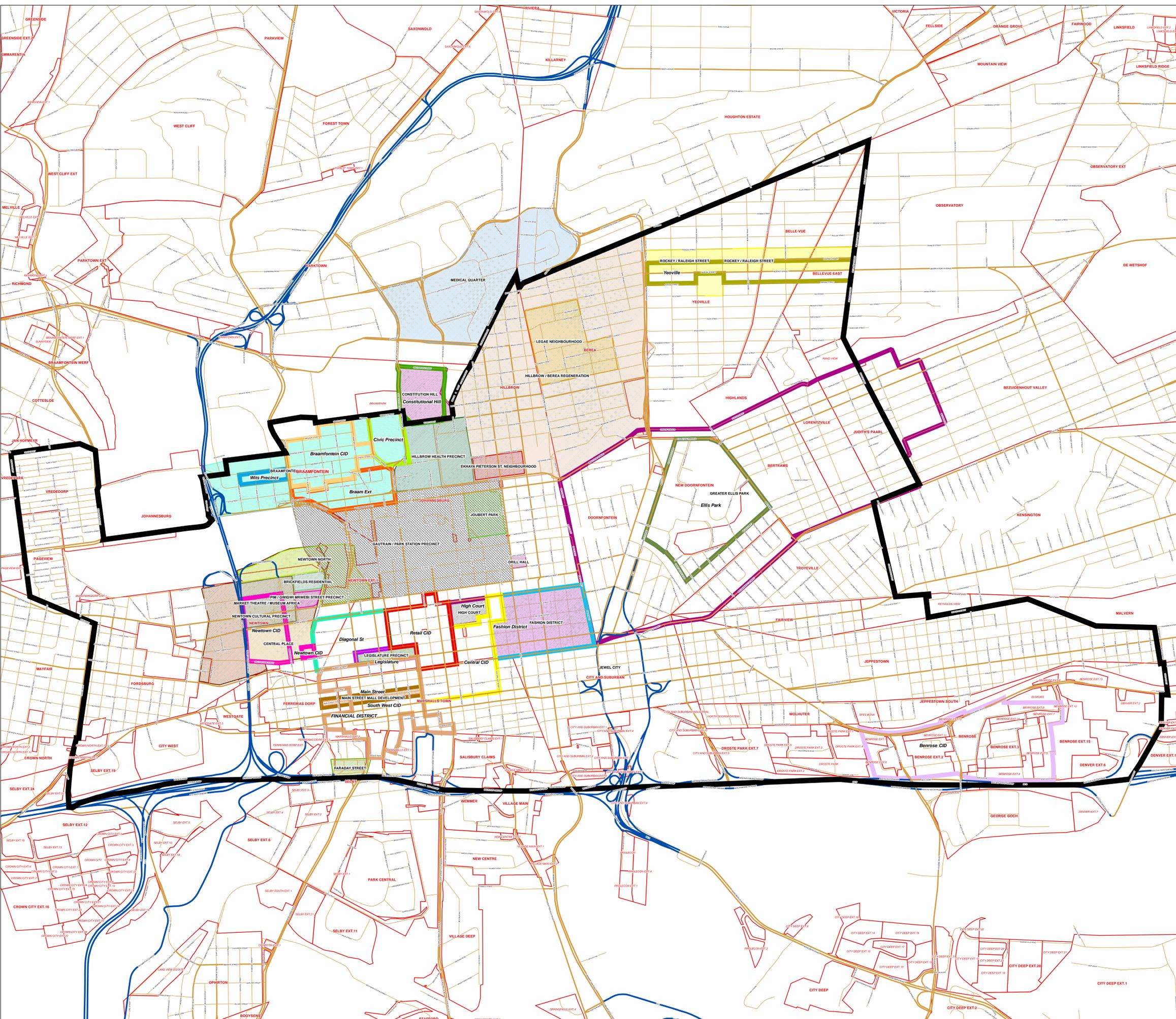


Map 5: Current urban regeneration initiatives

INNER CITY

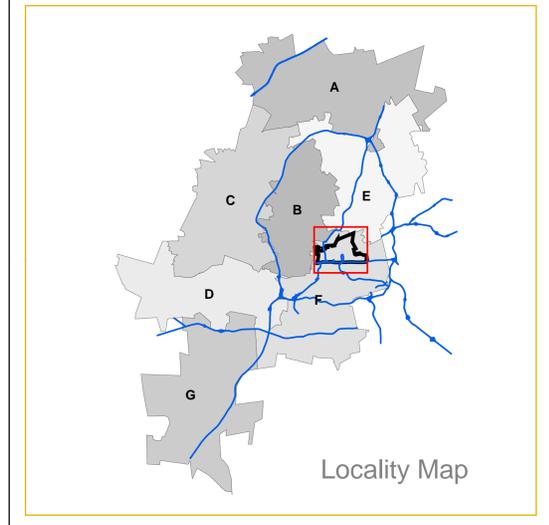
Current Urban Regeneration Initiatives

Map 5



LEGEND

- UDZ/Inner City Boundary
 - Township Boundary
- CID's**
- LEGISLATED:**
- Benrose
 - Braamfontein
 - Central Improvement District
 - Retail Improvement District
 - South Western Improvement District
- INFORMAL:**
- Civic
 - Constitutional Hill
 - High Court
 - Legislature
 - Main Street
 - Newtown
 - Wits Precinct
- IN PROGRESS:**
- Braam Extension
 - Diagonal Street
 - Ellis Park
 - Fashion District
 - Yeoville
- REGENERATION AREAS**
- BRAAMFONTEIN REGENERATION
 - BRICKFIELDS RESIDENTIAL
 - CENTRAL PLACE
 - CONSTITUTION HILL
 - DRILL HALL
 - EKHAYA PIETERSON ST. NEIGHBOURHOOD
 - FARADAY STREET
 - FASHION DISTRICT
 - GAUTRAIN / PARK STATION PRECINCT
 - GREATER ELLIS PARK
 - HIGH COURT
 - HILLBROW / BEREA REGENERATION
 - HILLBROW HEALTH PRECINCT
 - JEWEL CITY PRECINCT
 - JOUBERT PARK
 - LEGAE NEIGHBOURHOOD
 - LEGISLATURE PRECINCT
 - MAIN STREET MALL DEVELOPMENT
 - MARKET THEATRE / MUSEUM AFRICA
 - MEDICAL QUARTER
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City of Johannesburg
CORPORATE GEO-INFORMATICS

Telephone: +27 11 407-6095/6200/6134 Email: Cgisprojects@Joburg.org.za

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The Hillbrow/Yeoville regeneration project is relatively new in comparison to other projects (Chauke, 2007). Also managed by the JDA, the project entailed making streets in the area such as Rockey and Raleigh safer for business improving security, cleaning and upgrading streets, installing street lighting and revamp local parks (ibid). However regeneration initiatives and projects in this area have been small in scale and capital investment (R71million) compared to other precinct upgrading projects such as Ellis Park and Braamfontein precincts which were allocated R2billion and R92million respectively (Mlambo, 2005; Special Projects Reporter, 2005a). This is in spite of the fact that Hillbrow and Yeoville are areas where the impact of urban dereliction was probably most manifested.

5.7 EVALUATING PROGRESS IN THE CITY

This chapter has thus far explained how the Johannesburg's urban regeneration strategy is amenable with stimulating private sector investment. The vision formulation, policy revisions and institutional reforms have all been underpinned by the desire to attract private investment as an essential ingredient in making Johannesburg a "World-class African City" (Rogerson, 2005). It is important to evaluate the current regeneration strategy from the literature perspective and reflect on what other have written as there is a growing body of literature that covers the Johannesburg Inner City and urban regeneration initiatives.

Generally there are indications that the inner city is gradually turning around and that urban regeneration has started to bear fruits. The inner city is drawing analysts' attention and the rapidly growing body of literature 'suggests a current academic interest in Johannesburg not seen since the political-economic readings of the city in the late 1980s and early 1990s' (Chipkin, 2005, p. 89). Studies can be broadly divided into those recording positive outcomes, those on private sector and partnerships, those on city governance and urban control. However, the more writers there are on the urban regeneration discourse, the more flaws of the process are beginning to surface. Below are some of the indicators that urban regeneration is starting to produce positive results:

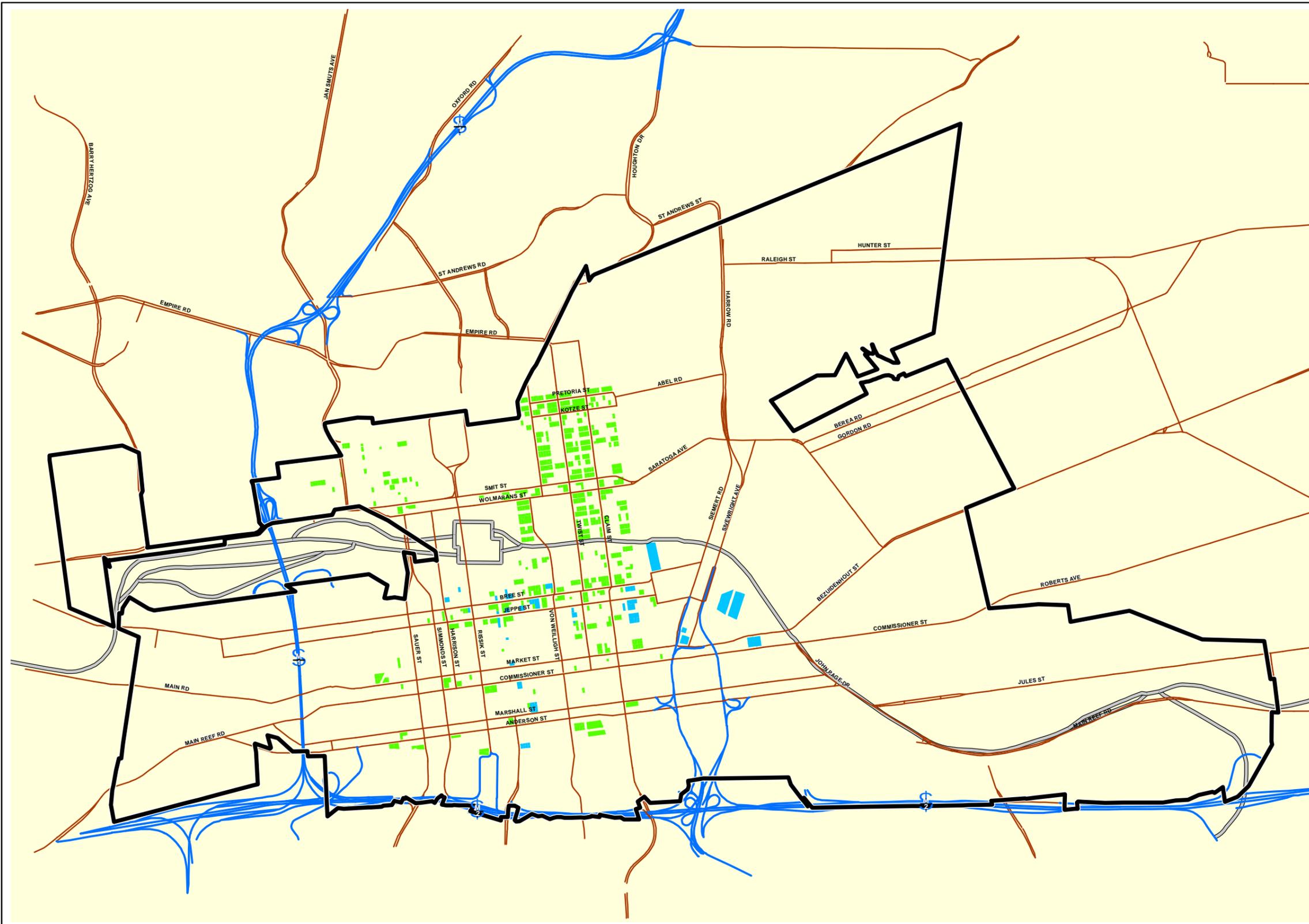
5.7.1 Improved investor patronage and perception

There are indications in literature and media publications that the recent years have seen investors and tenants flocking to the inner city (Kloppers, 2007; Piliso, 2006, Wilson, 2006; Fraser, 2005a). Fraser (2005a) writes that 'since 2002, investment in the inner city has increased dramatically and the interest in investing in the inner city is at a twenty to thirty year high' (p. 10). Whereas in 2004 an average of 100 lease agreements were signed every month, the number increased to about 140 leases being signed monthly in 2005 (Trafalgar Report, 2005). Unlike in the 60s and 70s, small-scale enterprises and informal businesses (mainly black-owned) are also growing rapidly in the Johannesburg Inner City since the new political dispensation post-1994 (Rogerson, 2005; 2000; Rogerson and Rogerson, 1997; Rogerson and Rogerson, 1996). Between 1996 and 1999 employment in the informal sectors rose from 9.6% to 16% (Mabin, 2007)

Property transactions have also increased, suggesting high levels of property investment. In terms of the Sold Property Index (SPI) (*cited in Fraser, 2006*), 20 property transfers occurred in the inner city in 1998. No sectional title units (flats) were sold during that year. However, the number increased to 344 in 2005 including 250 sectional title transactions. Also, while the value of properties sold in 1998 was recorded at R22.9 million, the number increased to R351.2 million in 2005. There has been an increase in building activity, measured by building plans approved and work completed, posting a 500% increase between 2001 and 2002 (JDA Report, 2003). The recent private sector acquisitions (as of February 2007) are marked in Map 8 below. This indicates an improved in business confidence in the inner city which, as measured by the business confidence index, increased by 32% from 43.5 in 2002 to 57.5 in 2004 (JDA, 2005).



Map 8: Recent private sector acquisitions



- Legend**
-  Inner City/UDZ Boundary
 -  Freeways
 -  Major Roads
 -  Rail Network
- Private Development Initiatives**
-  Developer A (AFHCO)
 -  Developer B (Other)

SOURCE:
 CITY OF JOHANNESBURG: CORPORATE GIS,
 FEBRUARY 2007
 CITY OF JOHANNESBURG: EDU, FEBRUARY 2007

INNER CITY
 MAP 8
 RECENT PRIVATE SECTOR PURCHASES

PLAN NO:	
REVISION NO:	
DATE:	
2	
	



a world class African city

5.7.2 Growth in property values and property transactions

The property market is reportedly improving characterized with property values posting good yields (JDA, 2006, 2005b, Trafalgar Report, 2006). For instance, the average asking rentals for offices in the CBD increased from R25 per square metre in 2001 to R27 per square metre in 2002 and increased further to R28.25 in 2003 (JDA, 2005). Property values have also posted healthy returns since 2000. For instance, whereas an average residential flat in Berea, Hilbrow and Yeolville was sold in 2000 for R33 000, R31 000 and R45 000 respectively, in 2005 a similar unit in these areas was sold for R81 000, R41 000 and R82 000 respectively (Trafalgar Report, 2006).

5.7.3 Increase in occupancy levels/ decrease in vacancy rates

The South African Property Owners Association's (SAPOA) 2006 *office vacancy survey* indicates that in downtown Johannesburg, the overall office vacancy rate in mid-2006 stood at 17%, down from 25% in mid-2005. Similarly the JDA Reports recorded a dramatic decrease in office vacancy rates between 2001 and 2005 in areas where it implemented regeneration projects (JDA, 2006, 2005). The JHI Report (2003) on the other hand notes that the letting activity trebled between 2001 and 2002.

5.7.4 [Relatively] Better performance of inner city buildings

There is recognition that the inner city property portfolio is performing better than most decentralized nodes (JHI Report, 2004). Even though the rentals and performance of decentralized nodes such as Sandton are showing a steady rise and that the Sandton CBD has lower prime vacancies, the decentralized nodes are still performing poorly when compared with the inner city portfolio. This is compounded by market irrationalities in decentralised nodes expressed in inflated rentals, discrepancy between asking and achieved rentals, market instability and fickle tenants:

Real and achievable rentals are by and large far from the levels indicated as asking rentals. This places increased strain on property returns and in some cases whilst there is take up occurring, this is overshadowed by dropping nominal and real rental returns. Whilst some take up is occurring, the old musical chairs syndrome still prevails. Also

companies are tending to take up less space than previously occupied. Distortions are also further felt through the employ of 'hidden' incentives such as rent-free period and TI's. The net result of the above is that 'performing' nodes need to be evaluated on not only take up trends but also on achievable rental levels. Some of the older/traditional nodes are performing better on the latter score. All in all this begs questioning some investment logic of the recent past – some of the older less recognized areas such as the CBD, Braamfontein, Millpark and Parktown – could well be more lucrative investments at present...(JHI Report, 2003, p. 10).

Owing to the above, the vacancy rate in decentralized locations almost doubled in one year, jumping from 7.7% in 2001 to 13% in 2002. Land availability and pricing in these areas also makes new projects difficult to lift off the ground (JHI Report, 2004).

5.7.5 Positive outcomes in respect of crime prevention

The crime prevention measures seem to be yielding positive outcomes in the inner city. Crime in the area reportedly decreased by 80% between 1999 and 2002 (JNA, 2005; Majola, 2003). This is primarily attributed to the effects of CCTV cameras and CIDs, although efforts made by organisations such as the JDA, CJP, JMPD and SAPS are acknowledged as beneficial (JNA, 2005). According to the Johannesburg CBD Perception Survey conducted by Surveillance Technology in 2003, 92% of business entrepreneurs, city workers and residents said they would consider relocating to or reinvesting in the CBD (*cited in* Majola, 2003).

In addition, the 2006 SAPS crime statistics (for a period between April 2005 and March 2006), indicated that crime in Johannesburg Inner City was generally decreasing. Most serious crimes such as murder, rape decreased gradually since 1994. Overall crime fell from a high of 26,420 reported incidents in 1994 to 22,318 in 2004 (SAPS, 2006). Further, the 2007 crime statistics for a period between April 2006 and March 2007) also revealed a sharp drop in almost all contact crimes, including murder, rape and robbery (SAPS, 2007).

The public perception of crime in the inner city is improving too (Trafalgar reports, 2006; 2005; JDA, 2006; JHI Report, 2005; 2004). Similarly, a study by Vetten

and Dladla (2000) exploring women's experiences of sexual violence in the inner city concluded that there was an improving public perception that crime in the area was decreasing. Not all women interviewed in that study shared the perception that central Johannesburg was dangerous. In fact for some women, Johannesburg was safer than Soweto where they relocated due to violent crime.

5.8 EMERGING THEMES, PERSPECTIVES AND DEBATES

While the above sections have shown progress made in the inner city, some emerging themes, perspectives and debates from literature paint a rather unsettling picture. Textual excursion shows that the stakes are high and the question of social equity is central to criticisms levelled against the "market-based" approach to urban regeneration. Most writers argue that the current strategy is the most potent means of maximizing wealth for the few (i.e. private sector) while perpetuating the vicissitudes of the underprivileged, the poor and the working class (Bremner, 2004; Lipietz, 2004; Beall *et al*, 2002).

The inequality that this approach reportedly brings manifests itself spatially according those living in luxury and those still living in squalor (the poor and mainly black) (Chipkin, 2005; Gotz and Simone, 2003; Morris, 1999). It is precisely for this reason that Gotz and Simone (2003) argue that 'the inner city represents a veritable vacuum of belonging, where no one presently living there can claim an overarching sense of origin in this place or professes a real wish to stay' (p. 129). These authors argue that while the inner city invariably represents a place of escape from the townships life, it has become an extension of poverty and township life with little sense of community.

5.8.1 On private sector and Partnerships

Writers are generally critical of the partnerships between the public and private sectors as means of achieving the delivery of urban regeneration programmes. In *Muddling-through: urban regeneration in Johannesburg inner city*, Barbara Lipietz (2004) argues that urban regeneration in Johannesburg is mired in chaos.

She argues that the process is less the result of deliberate neo-liberal policies, purposively and methodically implemented, than the result of (at times desperate) attempts to cope with highly complex and unstable situations. The urban regeneration process suffers from what Lipietz calls 'the unfortunate effect of un-imaginative responses to...dealing with contingency', lack of a shared vision and integrated planning. Those involved are tinkering 'in a highly complex, fast-changing, and chaotic inner city environment' (p. 2).

The ensuing chaos and disorder only serves to entrench existing adversarial relations among stakeholders mainly the city authorities, business and community. Therefore, in spite of urban regeneration initiatives, the future of the inner city remains complex, ambiguous and uncertain. Lipietz writes with profound eloquence and characteristic flare in what appears to be a social diatribe about the maladies of urban regeneration in Johannesburg in general and the promotion of the private sector investment in particular. She blames this on the preoccupation with what she calls the 'World/Global Cities Concept' and 'American precept on overcoming inner city blight' which emphasize the value in 'going global' and the normative requirement of 'moving up the hierarchy of world cities' (p. 2-3). These concepts, she argues, blend well with a plethora of policies currently in place in Johannesburg which dictate the kind of, and location of, [private] investment expenditure required to render the city more competitive in a globalised economy.

Yet Lipietz is subconsciously aware of the effects of such approaches. She admonishes those behind the current strategy about the well documented 'polarizing tendencies' of such approaches such as 'labour-market segmentation; class and ethnic conflict as well as socio-spatial polarization' (p. 2). She goes further to describe how the current approach is enamoured with protecting interests of private business and 'helping to recast urban spaces in the interest of dominant elites' (p. 3). Meanwhile, she writes, community projects are struggling to get off the ground, the urban environment is characterized by scarcely

inclusive living, people are evicted without alternative space and people's attempt to earn a living through activities such as informal trading are thwarted. She concludes that in such a chaotic and disorderly environment, the promotion of the private sector seems to be the only option that the City of Johannesburg has in its disposal as inevitable and 'desperate response to an highly intricate situation of spiralling decay, a pragmatic response to the disorderly city, to disorderly civil society' (p. 9):

....inner city regeneration has less to do with the whole-hearted application of neo-liberal precepts, than to rather desperate attempts at reaching some kind of control in an inordinately confused, fluid and chaotic environment. Faced with limited resources, City officials are forced to partner up with inner city constituents in their quest to put a halt to urban decay - but the choice of working partners is proving, on the ground, disappointingly narrow and painfully difficult. Attempts to engage with 'civil society' in order to devise more inclusive and neighbourhood-based approaches to dealing with the urban environment, have shown to be highly frustrating more often than not, leading to numerous dead-ends. Drug barons, unsurprisingly, do not provide a legitimate alternative. In such circumstances, the courting of business interests seems perhaps, an unpalatable, but unavoidable recourse (Lipietz, 2004, p.11).

In *Johannesburg: One City, Colliding Worlds* Lindsay Bremner (2004), argues, like Lipietz that in Johannesburg there is chimera about 'a world class city' on which urban regeneration is premised. Yet, she implicitly argues, Johannesburg is still far from the status of being the modern and cosmopolitan metropolis it aspires to be:

The newly honed Joburg 2030 Vision has Johannesburg aspiring directly to the "World Class City" status. According to this plan, by 2030, international corporates will have been enticed out of their cushy New York, London or Tokyo offices into safe, middle-income, wide-bandwidth Johannesburg. Our economy will lie firmly in a globally competitive service sector (trade, finance and business, information and communication technology) and the city's poor will have relocated (Butterworth, or Malelane, perhaps?). Johannesburg's citizens, we are told, will be living a lifestyle closer to that of a citizen of San Francisco, London or Tokyo than of the unofficial capital of a developing country (p. 77-78).

Despite these fancy visions, Bremner (2004) argues, Johannesburg has 'become more fragmented, more polarized and more diverse than ever before' (p. 19). The current policies which tend to incorporate some exclude others and lack connection with the ordinary people. The official language of urban regeneration, she maintains, is directed at private investors. She also blames this problem on the calibre and type of managers responsible for urban regeneration. She writes about the 'suit-and-tied', 'middle-class', 'middle-aged white men' leading the inner

city regeneration drive (p. 64). But these men, Bremner argues, are not only seemingly lacking the authority or imagination to make urban regeneration work, they are also less connected to the aspirations of the poor and push the agenda that favours capitalist growth.

In her earlier work - *Reinventing the Johannesburg inner city* - Bremner (2000) tries to contextualize the failure of urban regeneration in tackling issues of social equity. She argues that from the onset the urban regeneration 'was based on models of urban entrepreneurialism' and the promotion of local growth, thus falling 'squarely into the mainstream approach to urban economic revival' (p. 187). This, she argues, had 'very little to do with the economic, social and physical changes which had taken place in the city over time, instead seeking to capitalize on South Africa's imminent re-entry into the world as the opportunity for re-imagining and regenerating the city' (p. 187).

Consequently, Bremner argues, city authorities have been inherently less concerned about social issues, but rather are still fixated on the image of Johannesburg as a "world class, globally competitive city". This mantra 'has justified political and economic programs of urban restructuring...in the interests of corporate capital' (p. 187). Bremner warns that these are characterized by somewhat naïve understandings of wider processes of global restructuring taking place and of Johannesburg's position within them. She argues that the integration of regions and cities into the world economy is uneven and contingent upon multiple contradictory tendencies. She concludes that 'until this image of the future is superseded by one which incorporates the multitude of contradictory presences [i.e. rich and poor] and dynamics at play in the new global city, Johannesburg's present will continue to be defined along modernist lines as defective, degenerative and decayed' (Bremner, 2000, p. 191).

While the idea that urban regeneration produces social inequalities accretes among most critics of urban regeneration (Mabin, 2007; Chipkins, 2005),

proponents argue that urban regeneration faces even bigger challenges of dealing with diverse and competing needs and interests of different cultures, racial, political, class grouping, community and private company needs. For instance, Tomlinson *et al* (2003a) write about a multiplicity of Johannesburgs that is faced with the challenge of reconciling competing interests: ‘There are now as many Johannesburgs as there are cultural identities’ (p. xi).

These authors argue that efforts should be made to accommodate the competing interests in a manner that helps to realize the imperative of a just and non-racial Johannesburg. They argue for programmes to address poverty, high unemployment, lack of social housing and inequalities. For them the ideal Johannesburg is the one characterized by justice for all, social equity and belonging in which there is equal access to services and work.

In *Urban Renewal – Reviving the Inner City*, Neil Fraser (2005a) is critical of the ‘five pillar’ urban regeneration strategy itself. For Fraser, the strategy does not address or seek to address social equity issues:

I was strongly of the opinion that during this latter consultation process, and even more convinced today, that the strategy lacked a sixth ‘pillar’ – addressing social issues. Whilst the EDU felt that addressing social issues was inherent in addressing most of the five pillars, I believe, and still am of the opinion, that unless one specifically identifies so big and difficult an issue to be addressed it will not get the attention it deserves, I believe that has in fact been the case (p. 9)

The strategy intimates that social issues will be addressed during, and as a benefit of, the fulfilment of other economic goals – implying the argument of the “trickle-down” effects theory (Fraser, 2005a). Even in the promotion of economic issues, Fraser is also concerned that although the private sector played an important role in initiating certain urban renewal projects, it was not consulted during the policy review process and the drawing up of the new vision (i.e. the *iGoli 2030*) which happened during council restructuring as well as in the formulation of the latest regeneration strategy:

The responsibility for overseeing the implementation of the inner city [regeneration] strategy was allocated to the Member of the Mayoral Committee responsible for the Inner City, the Regional Director, the CE of the JDA and the Director of the EDU. For me this was the introduction of a major negative in the urban renewal process and a great

disappointment because, for the first time, after nearly a decade of Business Sector being treated as an equal partner in the process, it was sidelined. Clearly this was because the council did not want to expose any shortcomings of the process to the private sector. I am firmly of the opinion that the process has suffered as a result (p. 9)

The lack of experience and understanding of the urban regeneration phenomenon by those involved, which has been compounded by constant changes in administrative systems, have also resulted in a breakdown of regulatory powers be they in by-law enforcement, land-used management and/or management controls in service delivery. Like Lipietz, Fraser argues that the urban regeneration suffers from disorder, lack of service delivery and poor law enforcement:

There is a basic neglect of service delivery basics and a concentration on high level strategy....; resources are too limited and spread too thinly and as a result large inherited backlogs are not being addressed as efficiently as they should be....We have a large Metro Police Department that still thinks it is a department of traffic officers and appears to be either incapable or unwilling to enforce laws of the city, laws that have been made in order to ensure that we are an ordered society. We have a taxi industry that can only be described as anarchic; drug lords that openly peddle their wares and gangsters who flaunt the law (p. 12)

While Neil Fraser's work may come seem to close to this study, his "writing on a private sector view" is not based on any scientific research⁴⁹ as done in this study. But by contrast, he reflects on his personal observation of the process of urban regeneration. While his findings may be plausible and based on his lengthy involvement in inner city regeneration in the city, they remain unsubstantiated, empirically.

In *Uniting a Divided City* (2002), Jo Beall, Owen Crankshaw and Susan Parnell argue that sustainable urban regeneration in Johannesburg depends on balancing both commercial and residential needs of the city. As stated earlier, they criticise the current urban regeneration strategy for favouring commercial interests at the expense of ordinary citizens, who are scarcely consulted during the process.

⁴⁹ In a telephone conversation with the writer on 18/04/2005 and in a formal interview with him on 18/07/2006, Neil Fraser confirmed that the paper was based on his personal views and experience during his lengthy involvement in inner city regeneration in Johannesburg.

While they acknowledge the importance of private sector investment and initiatives in urban regeneration, they argue that the private sector involvement in the process may not be motivated by benevolent and selfless gesture of contributing to societal needs, but rather chiefly by commercial gains:

However, capital is invariably self-interested, and the investment of time, energy and resources in improving residential accommodation is as much about keeping property values up as about providing homes and shelter. Even the altruism of schemes for the homeless is thinly veiled as was suggested by the city improvement districts manager of the CJP when he said: 'we believe that homelessness is a major problem that detracts from people reinvesting back into the city' (p. 116).

Beall *et al* (2002) do not see partnerships with the private sector as necessarily a problem *per se*. In fact they concede that in both north and south, such relationships 'have been more progressive and inclusive by coordinating coalitions of interests to develop particular areas within the city' and that partnerships are not simply concerned with 'transferring responsibility for urban regeneration to the private sector or shifting the mandate for urban development from national to city government', but rather, 'partnerships can be useful vehicles for fostering synergy in state-society relations' (p. 128).

In order to fulfil this function, locally, they argue, there must be some flexibility in the way partnerships are formed. Locally 'this has been prevented by a project approach, which, in turn, limits the potential for accommodating partnerships within the context of sustained local democracy' (p. 128). They are critical to the precinct upgrading approach too:

Johannesburg's inner-city regeneration has, moreover, hinged upon a 'precinct-and-project' approach to planning. Following the precinct-and-project logic, city officials identify particular interests groups and engage with their representatives over specific space or time-bound issues. This occurs at the expense of extended engagement with residents as citizens in the context of a protracted process of urban governance (p. 109-110).

5.8.2 On Municipal regulation and governance

This chapter earlier discussed how the changes in racial composition in the inner city not only saw changes in social class relations but was also followed by urban decline, devaluation of property and private sector departure to suburban locations. The new forms of governance and building or neighbourhood control

that emerged during the transition period have been the focus of debate on city governance and generated new research interests. Studies portray the perceived lack of municipal control as a significant challenge facing urban regeneration. Some even draw from comparative literature in other African cities in which local government is regarded as one of the important agencies for controlling the city.

For instance, in *People as Infrastructure: Intersecting Fragments in Johannesburg*, AbdouMalik Simone (2004) locates Johannesburg in a wider African context. He argues that while the city is ‘one of Africa’s most urbanized settings’, it suffers from what he calls “ruined urbanization” (p. 406):

A drive around the circumference of inner-city neighbourhoods of Hillbrow, Berea, Joubert Park, and Betrams takes less than twenty minutes. Yet navigation of their interior requires familiarity with many different and, on the surface, conflicting temporary trajectories through which Johannesburg has changed, with its sudden switches across ruin, repair, and redevelopment (p. 409).

The rampant proliferation of illicit activities of the Igbo Nigerians and Congolese foreigners continue to enforce what Simone calls ‘ghettoization of economy’. However, Simone suggests that the prevalence of these activities under foreign nationals can be blamed on the city’s lack of framework for investor control. He argues that ‘the relative absence of a systematic and formal framework for investment in the inner city means that the ideas, entrepreneurial experience, and networks that the bulk of foreign Africans bring to Johannesburg are largely underutilized’ (Simone, 2004, p. 417).

As a result foreigners, who are often subjected to xenophobic discrimination, have focused on taking quick profit and marshalling critical sections of the built environment to support trade of narcotics, stolen goods, credit card and internet scams. These activities continue incessantly and with impunity due to lack of municipal control. Simone’s observations reverberate even better in an article he co-published with Graeme Gotz. Entitled *On Belonging and Becoming in African Cities*, in this publication Gotz and Simone (2003) write about the need for governments to exercise control over the inner city.

In order to govern, government is generally inclined to impose order over the city. This is done by assuming that a city comprises certain identifiable entities with which it can work. In the Johannesburg Inner City, Gotz and Simone argue, the municipality has lost control of the city. New social forms have emerged and a different kind of order has been established in the absence of good municipal control. Control and power of landlords is gradually being taken over by mafia organizations. For instance, the emergence of drug syndicates that have taken over the control of certain parts of the city is a clear indicator of lost control:

The same exaggerated expressions of belonging are seen in the illicit drug industry. The drug trade is commonly seen as the purview of Igbo-dominated Nigerian networks....The modalities of operation of the drug business provincializes certain parts of the inner city, localizing it in terms of clearly marked territories and fiefdoms. Thus most inner-city residents know which hotels, residential buildings and commercial enterprises belong to which syndicates and to which nationalities these syndicated belong (Gotz and Simone, 2003, p. 132).

However Gotz and Simone warn against the dangers of this lost control and the potential of the drug syndicates to usurp large parts of the inner city:

Despite this territorialization, the definitiveness of organizations and their spaces is often more a necessary performance than something descriptive of actual operational practices. The more entrenched and expansive the drug economy becomes, the more it must proliferate ambiguous interfaces (p. 133).

5.8.3 On crime and crime prevention

While there are law enforcement agencies in the inner city and a comprehensive crime prevention strategy in place, crime in the Johannesburg Inner City is still regarded by many as unacceptably high (Rondganger, 2006b; McGregor, 2006; 2006; Cohen, 2004). Yet studies argue that crime prevention cannot be achieved through reactively dealing with the symptoms alone, but rather through tackling the root of the problem such as poverty and social and economic inequality. For instance, Stone (2006) argues that there is an insidious relationship between crime and high rate of poverty or inequality and that equitable economic growth may alleviate crime. He therefore recommends that crime prevention strategies and policies should be linked to equitable economic growth strategies:

Still, thinking seriously about contributing to equitable economic growth can be a healthy exercise for police, prosecutors, judges and corrections official. Not only could equitable

growth help relieve the poverty and inequality that seem to fuel much crime, but putting crime policy in the service of economic policy might open up new ways of thinking in the justice sector. There is a certain arrogance that accretes among those who make crime policy to the point that they begin to think that preserving public safety and administering justice are the highest obligations of the state, and that every other part of government – from the education department to the finance ministry – should contribute to these goals wherever possible. It would be a useful discipline to reverse this thinking: to ask what it means for law enforcement to contribute to growth and to thereby help reduce unemployment (Stone, 2006, p. 3).

American writers Glaeser and Kahn (1999) also support the thesis that the redistribution of wealth has the ability to reduce crime:

[The] increases in redistribution may be sought because voters believe that poverty induces negative-externality-creating behaviour such as crime and riots. Increases in the degree of poverty, the level of altruism, or the fear of crime will all act to increase the desire for redistributing money to the poor (Glaeser and Kahn, 1999, p. 120).

5.8.4 On race and class inequalities

In *The Limits of Law: social rights and urban development*, Erica Emdon (2003), makes a significant contribution to the debate about race and class inequality in the inner city. Writing from a legal perspective, Emdon argues that the legal landscape in the inner city has changed to reflect the broader political and social transformation of South Africa. However the nature of the urban form in Johannesburg has not fundamentally altered since 1994. The poor, who are mainly black, still live in bad conditions: ‘The inner city looks different than it did in the 1970s, but these changes have not altered the social reality. All that has happened is that as the area has become overcrowded and poorer, the wealthier white population has left’ (p. 221).

Emdon goes on to argue against what she calls *the limit of law*. She argues that the law does not protect the poor property owners who find themselves in a situation where they cannot sell their buildings because they owe in municipal services. These poorer owners have become victims of the actions of other owners and the law does not protect them:

Owners have stopped paying monthly levies to the body corporate, which is meant to maintain the buildings, or owners have sublet the flats they own to tenants and then do not pay the levy. The building become run-down and owners cannot sell their flats and stop making mortgage payments to banks (p. 227).

Writing about *Johannesburg's Futures*, Jennifer Robinson (2003) argues along the same lines as others about the social inequality. She argues that while the demise of apartheid has seen the end of Johannesburg's international isolation, this has not ended the experiences of segregation and inequality that have shaped the lives of most people living in Johannesburg and has not met the needs of the poorest citizens of Johannesburg. In fact, Robinson writes, the 'new developments seem as likely to reinforce old patterns as transform them, despite many hopes of initiating a new, integrated, and compact city form..' (p. 259). For Robinson then, Johannesburg's ideal future lies in addressing two important discourses and sets of practices shaping cities. That is, the idea of being a global city and the urgent requirement to improve living conditions for the poor. These two discourses are, to use the words of Robinson, 'respectively the parameters of the world city hypothesis and developmentalist understanding' (p. 260).

The literature covered above is empirically rich, concerned with issues of partnerships, governance, class, race, social equity, crime and justice. It largely embraces the ethos of neo-liberal and Marxist analysis. Most of these studies seek to contribute to policy formulation in fields as varied as community participation, housing, property law, land tenure, service delivery, local government, urban poverty etc. The underlying aim of such literature is to redress the effects of inequality and past injustices through better provision of public goods and services.

5.9 CONCLUSION

This chapter illustrated the emergence of the "market-based" approach to urban regeneration in the Johannesburg Inner City. It discussed factors that contributed to urban decline, which include the political transition, crime, government decisions and the development of decentralized commercial nodes and residential land-uses. It also explained that the assumption behind the "market-based" urban regeneration strategy is that urban decline is linked to

market failures as a result of the collapse of private sector confidence in the inner city. As a result the government response to urban decline invariably sought to restore the private sector confidence and to stimulate investment, as proponents argue: 'the formal business community in the inner city has been indispensable to its reinvigoration' (Beall *et al*, 2002, p. 116).

There have been significant improvements in the inner city since the advent of the urban regeneration process. There are indications of improving property market (i.e. improving values and property yields, decreasing vacancies, increasing rentals etc.), improving public and investor perceptions, improved investor confidence and increased investment activities, to name but a few. The emerging themes and debates regarding urban transformation are vastly polarized across empirical and normative perspectives. From the empirical perspective, on one hand, the theme of partnerships and coalitions formation between public and private actors is portrayed as embodiment of the broader "market-based" approach to urban regeneration. Closely linked to that are debates about the effects of such relationships on people, class relations, equal access to resources and governance and how the process has failed to address these elements. Writers from disciplines from wide-ranging academic spectrums argue that urban regeneration has served to propel the expedience of private sector wealth accumulation at the expense of the poor and less fortunate. On the other hand, literature on the normative perspective tends to be interested in outcomes of equality, inclusivity and equitable growth from the process of urban regeneration.